

## AGENDA FOR

### OVERVIEW AND SCRUTINY COMMITTEE

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**To: All Members of Overview and Scrutiny Committee**

**Councillors :** R Caserta (Chair), R.Cathcart,  
T Cummings, E Fitzgerald, M Hankey, J Harris, M James,  
J Lewis, R Skillen, S Smith, J Walker and S Wright

Dear Member/Colleague

#### **Overview and Scrutiny Committee**

You are invited to attend a meeting of the Overview and Scrutiny Committee which will be held as follows:-

|                             |   |
|-----------------------------|---|
| <b>Date:</b>                | Tuesday, 4 July 2017  |
| <b>Place:</b>               | Meeting Rooms A & B - Town Hall   |
| <b>Time:</b>                | 7.00 pm   |
| <b>Briefing Facilities:</b> | If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted. |
| <b>Notes:</b>               |   |

## **AGENDA**

### **1 APOLOGIES**

### **2 DECLARATIONS OF INTEREST**

Members of the Overview and Scrutiny Committee are asked to consider whether they have an interest in any matters on the agenda and, if so, to formally declare that interest.

### **3 PUBLIC QUESTION TIME**

A period of 30 minutes has been set aside for members of the public to ask questions on matters considered at the last meeting and set out in the minutes or on the agenda for tonight's meeting.

### **4 MINUTES** *(Pages 1 - 4)*

To approve as a correct record the Minutes of the last meeting, held on 29 March 2017

### **5 CHILDREN'S SAFEGUARDING OVERVIEW PROJECT GROUP - UPDATE** *(Pages 5 - 12)*

The Chair of the Group, Councillor Susan Southworth, will attend the meeting. Report attached.

### **6 REVENUE AND HOUSING REVENUE ACCOUNT OUTTURN 2016/2017** *(Pages 13 - 38)*

### **7 TREASURY MANAGEMENT OUTTURN REPORT 2016/2017** *(Pages 39 - 50)*

### **8 CAPITAL OUTTURN REPORT 2016/2017** *(Pages 51 - 66)*

### **9 DEVELOPMENT OF A WORK PROGRAMME 2017/18** *(Pages 67 - 72)*

Report attached.

### **10 URGENT BUSINESS**

Any other business which by reason of special circumstances the Chair agrees may be considered as a matter of urgency.

**Minutes of: OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:** 29 March 2017

**Present:** Councillor Smith (in the Chair);  
Councillors R Cathcart; T Cummings; E Fitzgerald; M Hankey; M James; R Skillen; J Walker; R E Walker and S Wright

**Public in attendance:** No members of the public were present at the meeting.

**Also in attendance:** Councillor Tariq –Cabinet Member for Communities and Safer Neighbourhoods

Councillor Walmsley– Cabinet Member for Strategic Housing and Support Services

**Apologies for absence:** J Black

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#### **OSC.655 DECLARATIONS OF INTEREST**

Councillor S Wright declared a personal interest in any matter relating to staffing as his wife is employed in a Bury School

#### **OSC.656 MINUTES**

**It was agreed:**

That the Minutes of the meeting, held on 16 February 2017, be agreed as a correct record.

#### **OSC.657 MATTERS ARISING**

There were no matters arising from the Minutes of the last meeting.

#### **OSC.658 PUBLIC QUESTION TIME**

There were no members of the public present at the meeting to ask questions under this item.

#### **OSC.659 ANNUAL COMPLAINTS REPORT – CHILDREN’S SERVICES**

A report from Jane Whittam, Assistant Team Manager – Information, was submitted looking at complaints related to Children’s Social Care Services. The report covered the period April 2015-March 2016 and provided Members with the opportunity to see the extent and complexity of Children’s Social Care Services span of activity and to receive information relating to the quality of the services delivered.

**It was agreed:**

That the report be noted.

**OSC.660 LIBRARIES CONSULTATION**

Klare Rufo Assistant Director of Learning - Children, Young People and Culture and Councillor Sandra Walmsley, Cabinet Member for Strategic Housing and Support Services attended the meeting to report on the second stage of the libraries consultation which was running until 26 April 2017.

It was explained that the first part of the consultation had been held from June 2016 and had concentrated on the principles that a library service should provide. The consultation asked for residents' input on the principles to ensure that they were in line with service requirements.

Principle 1 – To provide a Library Service across the borough which provides all residents with access to libraries and electronic services sufficient in number, range and quality to support reading for pleasure, lifelong learning, the development of new skills and the effective use of information.

Principle 2 – To ensure that the needs of more vulnerable residents and groups protected by Equalities legislation are taken fully into account in the provision of these services.

Principle 3 – To ensure that the resources committed to the library service are used as efficiently as possible by exploring options to reduce running and maintenance costs and to share premises with other Council services.

Principle 4 – To explore options for investing in technology to improve access to the library service for example, by extending opening hours, increasing digital services and enhancing provision for those with sensory impairments.

Principle 5 – To welcome the contribution that members of the community can make to the borough's library service as volunteers, supporting both traditional and digital services, including training to promote digital inclusion.

Principle 6 - To meet local aspirations for a network of community spaces across the borough in which the council and local communities can work together as partners in meeting local needs.

It was explained that the Council had had its budget cut by £65m to date with a further £32m of cuts up to 2020 at which point the Council will have to be self sufficient. The libraries budget was reduced by £870,000 in 2013/2014 with a further reduction of £1m up to 2018/2019.

Following the initial consultation a number of options were developed for the future delivery of a library service in the borough consistent with the Council's statutory duties.

The current consultation is asking residents to consider 2 options:

Option 1: Retain Bury, Ramsbottom and Prestwich Libraries plus a service wide team.

Option 2: Retain Bury, Ramsbottom, Prestwich and Radcliffe Libraries plus a smaller service wide team.

During discussion of this item, the Assistant Director reported that to date over 2000 responses and 850 comments had been received as part of the consultation process.

Questions and comments were invited from those present and the following issues were raised:-

- Members highlighted the importance of working with the community to source alternative venues for community groups and organisations to meet. It was reported that work was well underway to develop a comprehensive mapping exercise to identify community venues.
- Councillor Fitzgerald stressed the importance of ensuring access to socially isolated residents within communities.
- In response to a question concerning retention of book stock, the Cabinet Members gave a commitment that all stock would be assessed with the best and most appropriate stock being retained within the service as a whole.
- In response to a question from Councillor Hankey, the Cabinet Member explained that any offer by Groups to take over the running of a local library had to be cost neutral to the Council although help would be made available to assist with business plans.

**It was agreed:**

That the report be noted.

**OSC.661 PROPOSAL TO INTRODUCE A NEW NEIGHBOURHOOD ENGAGEMENT FRAMEWORK IN BURY INCLUDING A NEW FRAMEWORK FOR INVESTING GRANT FUNDING IN NEIGHBOURHOODS**

The Cabinet Member (Communities and Safer Neighbourhoods) submitted a report introducing a proposal for a new Neighbourhood Engagement framework for Bury including a new framework for investing grant funding in Neighbourhoods. The proposal was developed to support Neighbourhood Working which will mobilise the whole scale system wide transformation required as part of Greater Manchester Devolution between now and 2020 (and beyond).

The new Neighbourhood Engagement Framework will replace the existing Township Forum meetings to offer a new way of engaging the public in a number of different ways to suit them.

During discussion of this item, Members acknowledged the importance of increased partnership and community engagement to empower individuals. However some concerns were raised in relation to the loss of Township Forum and democratic accountability challenges around the issue of participatory budgeting.

**OSC.662 VOTE OF THANKS**

The Chair, Councillor Smith, thanked all Committee Members for their hard work during the Municipal Year. Committee Members thanked the Chair for her commitment to the role during the Municipal Year.

**COUNCILLOR S SMITH**  
**Chair**

**(Note: The meeting started at 7pm and ended at 9.20pm)**

|   |                                 |
|---|---------------------------------|
| <b>WARDS AFFECTED: ALL</b>  | <b>ITEM No.</b><br>.....<br>... |
| <b>REPORT OF: Children's Safeguarding Overview Project Group</b>              |                                 |
| <b>CONTACT OFFICER: Julie Gallagher Principal Democratic Services Officer</b> |                                 |
| <b>TITLE: PROGRESS REPORT – June 2017</b>                                     |                                 |

### **1.0 PURPOSE OF REPORT**

To inform Members of the Overview and Scrutiny Committee of the work of the Children's Safeguarding Overview Project Group over the last Municipal year.

### **2.0 BACKGROUND**

As part of its work programme for 2014/15 the Overview and Scrutiny Committee requested that an Overview Project Group be established to review and consider the issue of Children's Safeguarding.

The Membership of the Group comprised of Councillor Susan Southworth (Chair), Councillors R Caserta, M Hankey, D Jones, S Kerrison, N Parnell and M Whitby.

Interim reports were presented to the Committee in March 2015 and March 2016 setting out the findings and recommendations of the Group, one of which was for the Group to remain and continue its work as an ongoing Sub Committee.

### **3.0 METHODOLOGY**

The Group has met on the following occasions:-

7<sup>th</sup> April 2016  
 23<sup>rd</sup> May 2016  
 15 September 2016  
 27<sup>th</sup> February 2017  
 26<sup>th</sup> April 2017

Members also visited and meet with staff from the Victoria Family Centre in Radcliffe.

Members were supported in their work by Martyn Burrell Strategic Lead Safeguarding and Bart Popelier Strategic Lead Safeguarding and Quality Assurance.

During this municipal year the Group agreed that the focus of the Project Group (OPG) for 2016/17 should include the following:

**Ofsted Inspection Report** - Examination of the Ofsted report and the subsequent action plan would be the primary focus for the OPG.

**Social Worker Recruitment Process – Follow up Staff Interviews**  
- Arrange for Group to speak to staff in the workplace.

**Phoenix Team and Child Sexual Exploitation** – Receive briefing on the work of the team across Greater Manchester with focus on the awareness raising work undertaken and areas of concern within the Borough.

**Performance Monitoring** - Continue to receive quarterly monitoring reports in relation to safeguarding children

**Oasis Team** – Examination of the non statutory support and early intervention provide by the team.

**Home Education** – Following the significant rise in the numbers of children choosing to Home Educate members agreed to invite Debra Wood, School Attendance Manager and Susan Morris, Home Education Officer to a meeting of the OPG.

**Education Achievement at KS2 and KS4** – Klare Rufo, Assistant Director Learning and Culture will report.

## **4.0 WORK UNDERTAKEN BY THE GROUP**

### **4.1 OFSTED Inspection Report**

Jackie Gower Assistant Director Safeguarding and Social Care attended the meeting to present the Ofsted inspection report.

The Ofsted inspection report concluded that Children's services in Bury require improvement to be good.

12 inspectors carried out their inspection over a four week period and the focus was on the following areas;

Frontline case practice

Children and Young People's own experiences

A greater emphasis on the outcome of the needs of the child



Early identification and help for children, young people and their families  
A greater emphasis than in previous inspections about how partner agencies work together to protect children and young people  
Services for LAC (including Fostering, Adoption and care leavers)  
A review of the LSCB

Members of the Group placed on record their thanks and appreciation to all staff for their hard work during the Ofsted inspection.

Members discussed the cost of implementing the Ofsted Action Plan; concerns raised in respect of care leavers, the non-attendance of police officers at Child Protection Conferences, children living out of area and the role of the Independent Reviewing Officers.

The OPG have received regular updates in respect of the Ofsted action plan and continue to hold the Strategic Lead for Safeguarding and Quality assurance to account in respect of all areas of the plan. Members wanted to ensure that the document continues to be relevant and there is no room for complacency. This will continue to be an area for further scrutiny in the forthcoming municipal year.

### **4.2 Social Worker Recruitment Process – Follow up Staff Interviews**

In attendance were newly qualified and experienced social workers from the Children's advice and assessment team and the safeguarding team. The social workers were given the opportunity to explain their roles within the team, their previous experience, the support and mentoring available and highlight any areas of concern.

Members of the Group were given the opportunity to ask questions of the social workers and the following points were raised:

- The newly qualified social workers are supported in the role by mentors. The support provided is good, accessible and helpful.
- The caseload has increased since their initial appointment, the level is still manageable and there is a wide range of support available.
- The majority of care proceeding cases are being dealt with within the recently introduced 26 week timeline.
- There is a good open relationship between social workers and middle/senior management.
- Social workers highlighted duplication and high levels of paperwork as pressure points/area of concern.
- Relationships with other partner agencies has improved, social workers feel respected, there is however sometimes problems with information sharing with partners from the NHS.
- The social workers reported that they felt the recent Ofsted report accurately reflected the work being undertaken across the Department.

Members of the Group agreed that meeting with front line staff enabled them to get a more rounded picture of child safeguarding issues within the Borough.

### **4.3 Phoenix Team and Child Sexual Exploitation**

Members considered this item at two separate meetings of the OPG. Susan French and Kath Thomas attended the most recent meeting to provide Members of the group with an update in respect of the work undertaken to tackle child sexual exploitation following concerns raised by Elected Members. Their update included the following information:

- Phoenix team staffing details
- The profile of CSE work in Bury
- Demographic information
- Number of CSE crimes recorded
- Use of the CSE Risk Measurement Tool

Members sought assurances from the officers present in respect of information they had received with regards to problems in the Clarence Park and Whitehead Gardens areas of the Borough. Members were informed that the Phoenix team were aware of potential issues in these areas and a multi-agency approach had been taken to address and alleviate some of these concerns.

The Assistant Team Manager reported that there continues to be a significant problem with exploitation via the internet/mobile phones, often in the form of image sharing. This accounted for 39% of all CSE Risk Measurement Tools completed between April 2016 and March 2017.

### **4.4 Performance Monitoring - Key Performance Indicators**

A large part of the work of the Group has continued to be around monitoring and examining performance data. Regular updates have been received in respect of key performance indicators for children's safeguarding. The Group have had the opportunity to monitor and examine performance data relating to the following areas:

- Referral/Conversion rate
- Contacts and Conversion to Referrals
- Contact Outcomes Breakdown
- Conversion rate of Referral to Assessments
- Re-referrals
- Assessment Timescales
- Section 47 Enquiries
- Child Protection Plans Data

- Numbers of Looked after Children

Quarterly updates will continue to be received at meetings of the Group. Members of the Group have asked that the formula for presenting the reports be revised to enable Members to better understand the demographics and also the personal stories of those accessing the service.

### **4.5 Elective Home Education**

Following a reported 100% rise within the Borough (111 children are now educated at home) members invited Debra Wood, School Attendance Manager and Susan Morris, Home Education Officer to a meeting of the OPG. The purpose of their attendance was to ensure that children that opted out of main stream education system did not fall through the net in respect of child safeguarding.

The School Attendance Manager reported that there is a mixed age range of children currently being home educated, the majority are of primary school age. There is number of different reasons as to why parents choose to educate from home, these can include; problems with bullying, breakdown of the relationship between school and parents, poor communication or dissatisfaction with the support given to SEN pupils.

A member of the home education team will conduct regular visit to parents to offer support and guidance.

With regards to concerns raised in respect of the Council's powers, the School Attendance Manager reported that the Council has the power to issue a School Attendance Order if it is believed the child is not receiving an appropriate level of education.

Members of the Group expressed concern that issues within schools are quickly exacerbated and too easily escalated, parents then feel they are left with no other option but to home educate. Better pastoral support and more inclusive attitude within schools would help to alleviate some of these problems.

In respect of pupils on a child protection plan, these children can still be educated at home. The information and concerns contained within the plan would be shared with the elective home education team to ensure that the child's wellbeing is still safeguarded.

Members have asked that Debra Wood attends the first meeting of the next municipal year and provides members with information in respect of the following areas:

- Is there evidence of any themes emerging that could explain the dramatic rise in the number of parents choosing to home educate
- Evidence of good or poor practice in particular schools.

- Is the growth of those children being home educated confined to a particular area of the Borough?
- What is the gender and age split of the children?
- Any other demographic information that the officer thinks relevant.

### **4.6 Education Achievement at KS2 and KS4**

Klare Rufo, Assistant Director Learning and Culture reported that there had been changes to the system for reporting measure at Key Stage 4, Progress 8, the new system will take effect from 2016.

The Assistant Director reported that the new system for assessing education achievement will in her opinion place greater emphasis on academic achievements and will be less inclusive.

The Assistant Director reported that in respect of the most vulnerable pupils there is no "closing the gap" group established within Bury. Such a group would be able to share good practice within the Borough and undertake more forensic analysis of the issues and concerns affecting those most vulnerable.

Members agreed that Councillor Susan Southworth as Chair of the Safeguarding Overview Project Group would contact elected members asking them to highlight through their roles as school governors, the following;

- Ask/remind schools to inform the Local Authority if a child is to be home educated especially if there is a safeguarding concern.
- Governing bodies to be mindful of the educational achievement and all encompassing support, social and emotional, available to the most vulnerable pupils.

### **4.7 Visit to the Victoria Family Centre, Radcliffe**

Following high praise of the facility by the Ofsted Inspection team, members agreed to visit the service to meet with staff and observe the services provided onsite.

The Centre provides contact for children and Young People in Care in accordance with Section 34 of the Children's Act 1989 and its primary purpose is to preserve and develop family relationships.

Members discussed capacity, ease of referral, risk assessments undertaken in advance of contact sessions, support available for staff, staff retention and sickness absence rates, as well as scope for income generation.

Members of the Group commended the staff for the praise they have received from the courts in respect of the quality of the assessment work undertaken.

## **5.0 CONCLUSION**

Members of the group supported by Strategic Leads within the Department

have meet on five occasions, interviewed 17 different Council Officers and visited the Victoria Family Centre and the Kershaw Centre.

The work of the group was highlighted in the most recent Ofsted report: "Clear political scrutiny is evident through a Children's Safeguarding scrutiny board and strong political attendance at the Corporate Parenting Board. There are sufficient checks and balances in the governance system holding the leadership of children's services to account, providing coherent political and strategic oversight".

'It was recognised by Ofsted that the expertise and knowledge of this group was one of its strengths. However, it needs to be accepted by anyone who is on the group that meetings start at 5-00/30, and that attendance at 4 meetings each year is a basic requirement. When Members are appointed to this group by their respective political group, this needs to be taken into account. Consistency is vital'

Looking forward, it is hoped that the work to date can be built upon during the forthcoming Municipal Year. At an early stage Members of the Group recognised the complex multi agency approach to safeguarding meant that to treat the review as a time bound self contained piece of work would not do justice to the critical nature of the subject matter.

## **6.0 RECOMMENDATIONS**

1. That the work of the Overview Project Group be carried over into the new Municipal Year 2017/18.
2. That, in order to retain the expertise and knowledge developed throughout the review, where possible the existing membership be retained and meeting dates be held quarterly and scheduled in advance. (See above)
3. That regular updates be submitted to the Overview and Scrutiny Committee on the work of the Group.
4. That the group in consultation with Klare Rufo Assistant Director Learning and Culture examine the feasibility of establishing a a Borough wide "Closing a Gap" Group in respect of Educational Achievement.

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## REPORT FOR DECISION



|   |  |
|---|--|
| <b>MEETING:</b>                           | <b>CABINET<br/>OVERVIEW &amp; SCRUTINY COMMITTEE</b>   |
| <b>DATE:</b>                              | <b>28 JUNE 2017<br/>4 JULY 2017</b>  |
| <b>SUBJECT:</b>                           | <b>REVENUE AND HRA OUTTURN 2016/2017</b>   |
| <b>REPORT FROM:</b>                       | <b>CABINET MEMBER FOR FINANCE AND HOUSING</b>  |
| <b>CONTACT OFFICER:</b>                   | <b>STEVE KENYON, INTERIM EXECUTIVE DIRECTOR<br/>OF RESOURCES &amp; REGULATION</b><br><br><b>ANDREW BALDWIN, HEAD OF FINANCIAL<br/>MANAGEMENT</b>   |
| <b>TYPE OF DECISION:</b>                  | <b>CABINET (KEY DECISION)</b>  |
| <b>FREEDOM OF<br/>INFORMATION/STATUS:</b> | This paper is within the public domain   |
| <b>SUMMARY:</b>                           | <p><b>PURPOSE/SUMMARY:</b></p> <p>This report provides Members with details of:</p> <ul style="list-style-type: none"> <li>• the revenue outturn figures in respect of the last financial year (2016/2017).</li> <li>• major variances between the revised estimate and the outturn;</li> <li>• the level of school balances;</li> <li>• HRA outturn for the year;</li> <li>• The minimum level of balances in the light of risk assessments</li> </ul> <p>The figures in the report are consistent with the figures included within the Statement of Accounts which were approved by the Responsible Finance Officer on 5 June and will be presented to Audit Committee on 20 July 2017. The figures in this report are presented in a format consistent with the Revenue Budget approved by Council on 24 February 2016.</p> |

|  |   |
|--|---|
| <b>OPTIONS &amp; RECOMMENDED OPTION</b>  | <p>Members are asked to:</p> <ul style="list-style-type: none"> <li>a) Note the final outturn for 2016/17, and explanations for major variances (Appendix A, B and C);</li> <li>b) Endorse the recommendations of the Interim Executive Director of Resources &amp; Regulation for the minimum level of balances in light of the review of the corporate risk assessments and departmental risk assessments (Section 4).</li> </ul> <p><b>Recommended Option:</b></p> <p>It is recommended that;</p> <ul style="list-style-type: none"> <li>a) The final revenue outturn and HRA outturn for 2016/17 be noted along with explanations for major variances;</li> <li>b) The level of the General Fund balances be noted;</li> <li>c) The minimum level of the General Fund balance calculated at £4.250m for 2017/18 is subject to regular review as part of the budget monitoring process.</li> </ul> |
| <b>IMPLICATIONS:</b>   |   |
| <b>Corporate Aims/Policy Framework:</b>  | Do the proposals accord with the Policy Framework? Yes  |
| <b>Financial Implications and Risk Considerations (statement by s151 officer):</b> | Revenue expenditure has been incurred in accordance with the agreed Revenue Budget.   |
| <b>Statement by Interim Executive Director of Resources &amp; Regulation:</b>      | There are no wider resource implications.   |
| <b>Equality/Diversity implications:</b>  | No (see paragraph 8.1, page 10).  |
| <b>Considered by Monitoring Officer:</b>   | Yes. The presentation of an annual report on the Revenue and HRA Outturn is a requirement of the Council's Financial Regulations, as part of Council's Financial Procedure Rules. The report accords with the Council's Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice.  |
| <b>Are there any legal implications?</b>   | No  |
| <b>Wards Affected:</b>   | All   |



|                           |                               |
|---------------------------|-------------------------------|
| <b>Scrutiny Interest:</b> | Overview & Scrutiny Committee |
|---------------------------|-------------------------------|

**TRACKING/PROCESS****DIRECTOR: STEVE KENYON**

|  |          |              |          |
|--|----------|--------------|----------|
| Chief Executive/<br>Strategic Leadership<br>Team | Cabinet  | Ward Members | Partners |
| 05/06/17   | 28/06/17 |              |          |
| Overview & Scrutiny<br>Committee                 |          | Committee    | Council  |
| 04/07/17   |          |              |          |

**1.0 BACKGROUND**

- 1.1 This report details the major variances between the Revised Estimate and the Outturn in respect of the Council's Revenue and HRA budgets for 2016/17.
- 1.2 Work on the closure of the 2016/17 Accounts is complete and the Responsible Finance Officer approved the draft Statement of Accounts for 2016/17 on 5 June 2017. The figures in this report are consistent with the Statement of Accounts, though they are presented differently due to different reporting requirements required as part of CIPFA's Accounting Code of Practice.

**2.0 REVENUE OUTTURN 2016/17**

- 2.1 As the table shows, there was a total overspend against the Revised Estimate of **£1.670m**.

|                            | <b>£000's</b> |
|----------------------------|---------------|
| 2016/2017 Revised Estimate | 125,536       |
| 2016/2017 Outturn          | 127,206       |
| <b>Overspend</b>           | <b>1,670</b>  |

- 2.2 The revenue outturn and details of the major variations service by service are shown at Appendix A (pages 10 to 21) and are summarised below:

| Department                       | Budget         | Outturn        | Variance     |
|----------------------------------|----------------|----------------|--------------|
|                                  | £000s          | £000s          | £000s        |
| Children, Young People & Culture | 42,891         | 44,922         | 2,031        |
| Communities & Wellbeing          | 70,624         | 72,374         | 1,750        |
| Resources & Regulation           | 2,268          | 2,530          | 262          |
| Non Service Specific             | 9,753          | 7,380          | (2,373)      |
| <b>TOTAL</b>                     | <b>125,536</b> | <b>127,206</b> | <b>1,670</b> |

2.3 However, an overview of the reasons for this variance is outlined in the table overleaf below:

| Final Outturn                           | Children Young People & Culture | Communities & Wellbeing | Resources & Regulation | Non Service Specific | TOTAL          |
|---|---------------------------------|-------------------------|------------------------|----------------------|----------------|
| Reason                                  | £'000                           | £'000                   | £'000                  | £'000                | £'000          |
| Demand Pressures                        | 2,575                           | 5,910                   | 370                    | 312                  | <b>9,167</b>   |
| Delayed Achievement of Cuts Options     | 0                               | 3,070                   | 0                      | 0                    | <b>3,070</b>   |
| Non-Achievement of Cuts Options         | 333                             | 0                       | 52                     | 0                    | <b>385</b>     |
| Income Shortfall                        | 0                               | 344                     | 971                    | 0                    | <b>1,315</b>   |
| Planned use of one-off funding          | 255                             | (5,727)                 | 0                      | 0                    | <b>(5,472)</b> |
| Continued Impact of 10 Control Measures | (1,033)                         | (1,847)                 | (1,131)                | 0                    | <b>(4,011)</b> |
| Other                                   | (99)                            | 0                       | 0                      | (2,685)              | <b>(2,784)</b> |
| <b>TOTAL</b>                            | <b>2,031</b>                    | <b>1,750</b>            | <b>262</b>             | <b>-2,373</b>        | <b>1,670</b>   |

2.4 All other things being equal, the outturn reported above will leave available General Fund balances standing at **£4.143m** at 31<sup>st</sup> March 2017.

### 3.0 SCHOOLS POSITION

3.1 The Dedicated Schools Grant is ring fenced and these externally provided monies can only be spent on schools and associated areas, which are specified by the Department for Education (DfE) in various Statutory Instruments. In accordance with these statutory requirements, the balances of each school are carried forward into the next financial year for the benefit of the relevant school.

3.2 The overall level of school balances at 31<sup>st</sup> March 2017 is a deficit £1.862m. This represents a decrease of £2.620m from the opening balance of £0.758m surplus. This is summarised in the table below with details of previous years for comparison where it can be seen that the level of schools' balances was greater than the level of overspending within the Central Spend part of the DSG Control Account.

| Year           | DSG Control A/c<br>Central Spend | School Balances –<br>net surplus | Overall Level of<br>Balances |
|----------------|----------------------------------|----------------------------------|------------------------------|
|                | £000's                           | £000's                           | £000's                       |
| 2011/12        | 237                              | (8,042)                          | (7,805)                      |
| 2012/13        | 664                              | (6,852)                          | (6,188)                      |
| 2013/14        | 2,554                            | (6,662)                          | (4,108)                      |
| 2014/15        | 3,731                            | (6,724)                          | (2,993)                      |
| 2015/16        | 6,028                            | (6,786)                          | (758)                        |
| <b>2016/17</b> | <b>6,818</b>                     | <b>(4,956)</b>                   | <b>1,862</b>                 |

- 3.3 The level of school balances at 31<sup>st</sup> March 2017 is a surplus of £4.956m. In total, this represents a decrease of £1.830m from the opening surplus balance of £6.786m. Appendix B shows an analysis of movements on school balances to allow Members to consider the spread of school balances around the Borough. However, there is a deficit of just over £6.818m relating to Central Spend within the Schools Block and the DSG Control Account.
- 3.4 2016/17 is the first year where the deficit within the DSG Control Account is greater than the level of school balances. Significant action will need to be taken to reduce the amount of deficit. It is difficult to implement an in-year change as school budgets have already been determined and cannot be changed during the current financial year. Consequently plans will be put in place to recover the amount of the deficit over the next two financial years which will coincide with the introduction of the National Funding Formula that is due to begin in 2018/19.
- 3.5 The large increases in Central Spend since 2013/14 are as a consequence of the transfer of responsibilities for post-16 students with Learning Difficulties and Disabilities attending Sixth Form and FE colleges. The level of funding made available by the Education Funding Agency's predecessor was insufficient to meet the demand pressures of these students and coupled with the in-house provision in Bury is not able to meet the significant increase in demand, which means that there are more pupils with SEN attending much more expensive independent special schools.
- 3.6 The net variations within the Central Spend are included within the Control Account of the Dedicated Schools Grant. Any surplus within this umbrella account can in the future be distributed to schools.

## 3.7 The main variations are:

|   | Revised<br>Estimate | Out-turn       | 2016/17<br>Variation | 2015/16<br>Variation |
|---|---------------------|----------------|----------------------|----------------------|
|   | £000's              | £000's         | £000's               | £000's               |
| LLDD Post-16 Provision (par. 3.8)         | 1,132               | 1,498          | 366                  | 673                  |
| Independent Special Schools (par. 3.9)    | 5,590               | 5,685          | 95                   | 1,752                |
| Provision for Pupils with SEN (par. 3.10) | 2,694               | 2,271          | (423)                | (464)                |
| Early Years funding (par. 3.11)           | 6,489               | 6,307          | (182)                | (451)                |
| Pupil Growth (par. 3.12)                  | 150                 | 0              | (150)                | (150)                |
| Looked After Children                     | 251                 | 276            | 25                   | 5                    |
| CLAS                                      | 928                 | 982            | 54                   | (5)                  |
| Termination of Employment                 | 0                   | 29             | 29                   | 99                   |
| Other                                     | 2,694               | 2,720          | 26                   | 31                   |
| <b>Total Central Spend</b>                | <b>19,928</b>       | <b>19,768</b>  | <b>(160)</b>         | <b>1,490</b>         |
|   |                     |                |                      |                      |
| School Delegated Budgets                  | 134,270             | 129,315        | (4,955)              | (6,786)              |
|   |                     |                |                      |                      |
| External Funding Control Account          | 0                   | 6,978          | 6,978                | 4,538                |
|   |                     |                |                      |                      |
| <b>Total School Spending</b>              | <b>154,198</b>      | <b>156,061</b> | <b>1,863</b>         | <b>(758)</b>         |

- 3.8 The Education Funding Agency (EFA) of the Department for Education provides funds for 16-19 year old pupils in Bury schools through a funding formula mechanism. These funds supported pupils at Elms Bank and St Monica's High schools as well as pupils in independent special schools. In addition, the funding is supposed to cover Learners with Learning Difficulties or Disabilities (LLDD) students attending FE colleges and despite numerous requests additional funding is not forthcoming.
- 3.9 Higher numbers of pupils attending other Local Authority and Independent Special Schools coupled with increased fees charged by these schools means that the budget continues to overspend, despite a budget increase to match the previous years' spending levels. N.B. this additional budget allocation has been funded by increasing the deficit within the DSG Control Account, which continues to increase to very high and unsustainable levels.
- 3.10 Provision for Pupils with SEN includes services that have carried a number of vacancies, some in anticipation of the Service Reviews that have been undertaken in preparation for the savings requirements for 2017/18 to 2019/20.
- 3.11 The level of take-up by parents was lower than the funding provided by the DfE. There is further uncertainty about the level of take-up as the Government's policy

of extending 'free-entitlement' to 30 hours per week for 3 and 4 year olds is planned to begin in September 2017.

- 3.12 A provision is retained for any in-year growth in pupil numbers above the thresholds sanctioned by the Schools Forum. These monies have not been used for more than 2 years and are used to offset overspendings elsewhere in the Central Spend.
- 3.13 With regards to surplus and deficit balances, the DSG Control Account includes deficit balances from previous years, which continues to escalate. With regards to surplus balances, as at 31<sup>st</sup> March 2017, schools have accumulated a surplus balance of £5.116m across schools in Bury. This is a decrease of approx £2m when compared to 31<sup>st</sup> March 2016.
- 3.14 69 out of 78 schools with delegated budgets had surplus balances at the end of the 2016/17 financial, which are 7 fewer than at the end of the 2015/16 financial year.
- 3.15 7 schools are reporting balances, which are deemed "excessive" as defined by the "Scheme for Financing Schools" and as such will be subject to a balance control review by the Executive Director of Children, Young People & Culture, who will take into account the views of the Schools Forum. This is a decrease from the 10 different schools that had reportable balances in the previous financial year, with 1 school being above the reportable threshold for 2 successive years.
- 3.16 Manchester Mesivta High School became a significant financial problem in September 2011, which led to financial delegation being withdrawn from the Governing Body. Subsequently Financial Services, on behalf of the Executive Director, manage the finances of this school, which has also been endorsed by the DfE during their purchase of the land from the Trustees of the Manchester Jewish Grammar School.
- 3.17 As at 31<sup>st</sup> March 2017, Mesivta's carry forward deficit is £108,737, which is £75,000 lower than the deficit in 2015/16 and is almost £300,000 lower than the £384,655 deficit at the end of the 2013/14 financial year. This latter amount was 72.6% of the school's total revenue budget, while the current deficit is 17% of the school's revenue budget.
- 3.18 The proposed debt recovery plan agreed with the Governors should see the school back in surplus during the second part of 2018/19, which is 7 years from when the school first identified there was a financial problem that the Governors were unable to manage.

#### 4.0 GENERAL FUND BALANCES

- 4.1 The closing position in respect of General Fund balances is as follows:

|   | £m            |
|---|---------------|
| <b>General Fund Balance 31 March 2016</b>         | <b>10.063</b> |
| Less : 2016/17 Year End Overspend                 | -1.670        |
| <b>General Fund Balance 31 March 2017</b>         | <b>8.393</b>  |
| Less : Minimum balances to be retained in 2017/18 | -4.250        |
| <b>Available balances at 1 April 2017</b>         | <b>4.143</b>  |

- 4.2 Given potential budget pressures facing the authority in the future it is strongly recommended that the available balances are retained.

## **5.0 RISK MANAGEMENT**

- 5.1 In determining the minimum level of balances, a key aspect of the assessment made by the Interim Executive Director of Resources and Regulation is the level of risk faced by the authority that may impact on the financial situation.
- 5.2 For 2017/18 the Council accepted the Interim Executive Director's recommendation that the minimum level of balances should be kept at **£4.250m**.
- 5.3 It was also indicated that the minimum level of balances would be kept under regular review and this will happen quarterly as part of the budget and risk monitoring process. However it is felt appropriate to also consider the balances position at this stage.
- 5.4 Departmental strategic risk assessments have also been completed and at this stage there are no issues that are anticipated to impact directly on balances over and above provision that has already been made around systems, demand levels, workforce development and changing structures as a result of the corporate risk assessments. Departments will be setting out risk mitigation measures within their individual Medium Term Financial Strategies.
- 5.5 A further assessment of minimum balances will be incorporated into the Month 3 Budget Monitoring report that will be presented to Cabinet in September 2017.
- 5.6 Effective budget monitoring is vital and various risk management techniques have been applied to budget monitoring throughout the year. These include cost bridges and the traffic light process which is used to assess budgets in terms of forecast over and underspending and secondly the identification of 'hot spots' based on risk factors that are inherent in individual budget areas. Reports containing this information were provided on a regular basis to the Strategic Leadership Team, the Overview & Scrutiny Committee, the Cabinet, Audit Committee and Joint SLT / Cabinet meetings.
- 5.7 The use of this methodology will continue in 2017/18 and reports will continue to be presented to the Cabinet meetings and those others listed above.

## **6.0 HOUSING REVENUE ACCOUNT OUTTURN 2016/17**

- 6.1 The Housing Revenue Account (HRA) for 2016/17 is attached at Appendix C. The HRA is a ring-fenced account funded principally through Housing Rents. Any surplus or deficit is required to be carried forward between financial years. Councils cannot budget for a cumulative deficit on the HRA. In 2016/17 a contribution of £2.402m was required from the Business Plan Headroom Reserve to cover the in-year deficit and maintain the working balance at £1.010m; this contribution was £0.229m more than expected.
- 6.2 There are a number of variations that have contributed to this overall result; however, the variances only exceed 10% and £50k in the following areas:
  - Increase in provision for bad debts – the budget contained two provisions, £0.181m for uncollectable debts and £0.302m to reflect the

potential impact that welfare benefit changes could have on the level of rent arrears; the contribution for the year, calculated with reference to the type of arrear, the amount outstanding on each individual case and the balance remaining in the provision following write off of debts, was £0.278m less than the budget. The reduced requirement has resulted in part from delays in the implementation of some welfare benefit changes; however, the actions of the Welfare Reform Group, close working with Partners in implementing the Corporate Debt Policy and continued high rent collection performance by Six Town Housing have all contributed to the result.

- Depreciation/impairment of fixed assets - the increased charges are reversed back out of the HRA (appropriation relevant to impairment) so have no impact on the 'bottom line' of the account.
- Revenue contributions to capital - £0.450m was required to fund additional costs within the HRA Capital Programme with the balance being the HRA contribution to the acquisition/refurbishment cost of four properties on Albion Street which became part of the HRA dwelling stock just before the end of 2016/17.

- 6.3 There are a number of factors that can impact on the HRA year-end balance but the main ones are normally void levels, the level of rent arrears and the levels of Right to Buy sales.
- 6.4 The rent loss due to voids for 2016/17 was on average 1.74%. The original dwelling rents budget allowed for a void level target of 1.6%. This increase in void losses equates to a reduction in rental income of £0.042m.
- 6.5 The total rent arrears at the end of 2016/17 were £1.235m, an increase of 6.8% from the start of the year when arrears totalled £1.156m.
- 6.6 The original HRA budgets assumed 50 Right to Buy sales during 2016/17. The actual number of sales in 2016/17 was 55.
- 6.7 A major element of the HRA's costs is the Management Fee paid to the authority's ALMO, Six Town Housing. As the ALMO is a wholly owned Council company it is appropriate for Cabinet to take a view on the company's financial position.
- 6.8 Six Town Housing's draft accounts for the 2016/17 financial year show that the ALMO made a surplus of **£0.273m** on a turnover of **£19.115m**, a rate of 1.4% (for 2015/16 the rate was -3.1%); the surplus for 2016/17 excludes pension adjustments made in line with FRS102 requirements.
- 6.9 Six Town Housing have developed a Reserves Policy (with input from the Council's section 151 Officer) which determines the minimum level of balances that the company should hold; the minimum level for 2016/17 was assessed to be £0.852m and the draft accounts indicate cash and short term deposits totalling £2.220m at the end of 2016/17. The use of reserves is subject to joint decisions by Six Town Housing and the Council.

## 7.0 OTHER ISSUES

- 7.1 The Accounts and Audit Regulations 2015 require that Councils have their Accounts approved by 30<sup>th</sup> June each year by the Council's Section 151 Officer. The

unaudited accounts were approved by the Council's Section 151 Officer on 5 June. They will be presented to Audit Committee members on 20 July 2017 for approval.

- 7.2 Members are also asked to note that the Accounts for 2016/17 were available for public inspection at the Town Hall for 30 working days effective from 5 June 2017. This matter was advertised in the local press and placed on the Council's website and the Accounts can be viewed by contacting the Interim Executive Director of Resources & Regulation or the Head of Financial Management (details below).

### **8.0 EQUALITY AND DIVERSITY**

- 8.1 There are no specific equality and diversity implications.

### **9.0 FUTURE ACTIONS**

- 9.1 Budget monitoring reports for 2017/18 will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet, Joint SLT / Cabinet, Overview and Scrutiny Committee and Audit Committee.

**Councillor Eamonn O'Brien**  
**Cabinet Member for Finance and Housing**

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#### ***Background documents:***

*Revenue Cost Information and Finance Working Papers, 2016/17*

#### ***For further information on the details of this report, please contact:***

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## FINAL OUTTURN 2016/17 AND EXPLANATIONS FOR VARIANCES

## Appendix A

|   | 2016/17<br>Current<br>Budget<br>£000's | 2016/17<br>Outturn<br>£000's | Variance<br>£000's | Reason For Variance  | One –<br>Off /<br>Ongoing |
|---|--|------------------------------|--------------------|--|---------------------------|
| <b>Department of Children, Young People and Culture</b> |  |                              |                    |  |                           |
| <b>Learning –<br/>Schools</b>                           | <b>0</b>                               | <b>0</b>                     | <b>0</b>           | Any underspend or overspend funded via the DSG are rolled forward into the next financial year.  |                           |
| <b>Learning – Non<br/>Schools</b>                       | <b>16,958</b>                          | <b>17,139</b>                | <b>181</b>         | Quality & Advisory Service (-£0.057m) - underspend due to a staff vacancy.   | Ongoing                   |
|   |  |                              |                    | Asset Management (-£0.016m) – lower recharges than expected.   | One-off                   |
|   |  |                              |                    | SEN Home to School Transport (+£0.225m) - the level of demand has increased from previous years; the budget is consistently under pressure.  | Ongoing                   |
|   |  |                              |                    | SEN Home to College Transport (+£0.054m) - again due to increased demand from the number of students attending local colleges.   | One-off                   |
|   |  |                              |                    | Under spends on Non-SEN transport (-£0.024m) - as there was lower than anticipated uptake of bus passes.   | One-off                   |
|   |  |                              |                    | 16-19 Team (+£0.031m) – there was a reduction in the level of funding in 2016-17.  | One-off                   |
|   |  |                              |                    | Education Psychologists (-£0.033m) – additional income was generated in the year.  | One-off                   |
|   |  |                              |                    | Other minor underspends (+£0.001m).  | One-off                   |
| <b>Social Care &amp;<br/>Safeguarding</b>               | <b>17,647</b>                          | <b>18,147</b>                | <b>500</b>         | Childcare and Early Years (-£0.178m) – recruitment to a number of posts were put on hold and were covered by existing staff, as well as staff members seconded to other services that were not backfilled. There was also additional income received from the NHS. | One-off                   |
|   |  |                              |                    | Children's Disabilities Team (-£0.045m)  | One-off                   |

|  |  |  |  |   |   |
|--|--|--|--|---|---|
|  |  |  |  | <p>–the budget continues to support a number children with highly complex needs. Savings on the commissioned services were offset by overspends on staffing due to agency cover and an additional member of staff employed as part of the Ofsted Action Plan.</p> <p>Family Placement (-£0.567m) – the foster care payments and adoption allowances now include deductions for Child Tax Credits where appropriate and spending restrictions on requests for additional support for carers have resulted in savings. The adoption placement fees received are far higher than those being paid in the current financial year. A number of placements for children with families from other authorities did not take place before the end of March, resulting in further savings. Also, there were savings on salaries due to delays in the establishment of the Through Care Team. There were also savings on Home from Home Carers.</p> <p>Safeguarding Unit (+£0.222m) - agency staff were brought in to cover vacancies and to reduce social worker caseload numbers in line with Ofsted requirements.</p> <p>Advice &amp; Assessment (+£0.050m) - The service was unable to achieve the 2016-17 budget cut due to agency staff covering vacancies and sickness. The overspend was offset by savings on the Child Sexual Exploitation Team which sits within the Advice and Assessment Team.</p> <p>Leaving Care (+£0.736m) - the impact of supporting young people until the age of 21 continues to cause the service to overspend.</p> <p>The Reach Out Adolescent Support Unit (+£0.198m) - this is a new invest to save project aimed at reducing the number of children entering the care system. The budget for 2017-18 is to be found from savings achieved in the Children's Agency budget.</p> <p>Safeguarding – External Legal Fees (+£0.080m) – the trend nationally has been for increased use of proceedings and Bury Council appears to be following that same trajectory.</p> | <p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> |
|--|--|--|--|---|---|

|   |                |                |              |   |   |
|---|----------------|----------------|--------------|---|---|
|   |                |                |              | <p>Children &amp; Young People in Care (+£0.059m) - the service was unable to achieve the 2016-17 budget cut due to agency staff covering staff acting up into management posts and staff employed as part of the Ofsted Action Plan.</p> <p>Other minor underspends (-£0.055m).</p>  | Ongoing   |
| <b>Other Management Costs</b>                     | <b>2,817</b>   | <b>3,036</b>   | <b>219</b>   | <p>Strategic Management (+£0.260m) - the overspend is due to the remainder of the 2016-17 budget savings that have yet to be achieved.</p> <p>Teachers Pensions (-£0.155m) - reduced demand on the service.</p> <p>Other Management costs (+£0.104m) - costs of contributing to the Adopt NW and NW Children's Sector Led Improvement projects of £19,000 and additional internal recharges.</p> <p>Other underspends (+£0.010m).</p> | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> |
| <b>Strategy / Commissioning</b>                   | <b>1,470</b>   | <b>1,498</b>   | <b>28</b>    | Savings on Social Care Admin and Training offset by the agency expenditure on the Strategic Lead post for part of the year.   | One-off   |
| <b>Departmental Wide</b>                          | <b>(2,591)</b> | <b>(2,591)</b> | <b>0</b>     | IAS19 pension costs.  |   |
| <b>Children's Agency</b>                          | <b>3,673</b>   | <b>4,644</b>   | <b>971</b>   | The service struggled to achieve the budget cut of £450,000 due to the number and complexity of the support packages in place. Remand costs have also added additional pressure, as the costs exceed the funding that we receive.   | Ongoing   |
| <b>Libraries, Arts &amp; Museums</b>              | <b>2,917</b>   | <b>3,049</b>   | <b>132</b>   | Income targets within Arts & Museums were not met, with additional overspending due to repairs to stonework and roof repairs to the building.   | Ongoing   |
| <b>TOTAL CHILDREN, YOUNG PEOPLE &amp; CULTURE</b> | <b>42,891</b>  | <b>44,922</b>  | <b>2,031</b> |   |   |
| <b>Department of Communities &amp; Wellbeing</b>  |                |                |              |   |   |

|                                |              |              |              |   |   |
|--------------------------------|--------------|--------------|--------------|---|---|
| <b>Operations</b>              | <b>5,245</b> | <b>5,062</b> | <b>(183)</b> | <p>Killelea EPH (+£0.041m) – overspend on staffing budgets.</p> <p>Reablement Service (+£0.038m) – a combination of Public Health support, resilience money and staffing underspends has resulted in the Reablement budget producing a modest overspend. However, the challenge of this service achieving further savings remains for 2017/18.</p> <p>Older People Fieldwork (-£0.057m) – underspend on staffing budgets.</p> <p>Employment Support Team (-£0.043m) – this team is self funding. The underspend is the result of income targets exceeding 2016/17 budget provision.</p> <p>Mental Health South (-£0.026m) – underspend on staffing budgets.</p> <p>Quality Assurance &amp; Service Development (-£0.029m) – underspend on staffing budgets.</p> <p>Assessment &amp; Care Management (-£0.101m) – underspend on staffing budgets.</p> <p>The Welly Cafe (-£0.006m) – sales from cafe exceeded budget expectations.</p> | <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> |
| <b>Workforce Modernisation</b> | <b>806</b>   | <b>716</b>   | <b>(90)</b>  | <p>Workforce Staffing (-£0.080m) – underspend on staffing budgets.</p> <p>Internal Recruitment (Includes Persona Recruitment) (-£0.017m) – underspend on staffing budgets.</p> <p>Training – (+£0.007m) – overspend on rental budget regarding Bury Adult learning Centre.</p>  | <p>One-off</p> <p>One-off</p> <p>One-off</p>  |
| <b>Business Redesign</b>       | <b>5,147</b> | <b>4,318</b> | <b>(829)</b> | <p>Community Education (-£0.016m) – underspend on staffing and equipment.</p> <p>Communities (-£0.052m) – underspend on staffing budgets.</p> <p>Gateway Project (+£0.002m) – this budget is largely balanced.</p> <p>Accommodation Team (-£0.210m) – underspend due to one off income received for accommodating asylum seekers.</p> <p>Sheltered Housing (General, Support,</p>   | <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>  |

|  |                |               |              |  |  |
|--|----------------|---------------|--------------|--|--|
|  |                |               |              | <p>Amenity and Non Rechargeable) (-£0.169m) – largely the result of underspends on staffing, utilities and boilers/communal area budgets.</p> <p>Falcon &amp; Griffin/Redbank (+£0.076m) – overspend on staffing budgets.</p> <p>Carelink (-£0.006m) – small income overachievement.</p> <p>Housing Choices, Preventing Homelessness, Housing Strategy &amp; Neighbourhood Working (-£0.150m) – underspend is largely the result of staffing budget underspends.</p> <p>Policy &amp; Improvement (-£0.098m) – underspend on staffing budgets employee and subscriptions.</p> <p>Seedfield Resource Centre (+£0.002m) – largely a balanced budget.</p> <p>Community Equipment Stores (-£0.030m) – Bury CCG income received was greater than budget provision.</p> <p>Urban Renewal and Home Improvement (-£0.033m) – underspend on staffing.</p> <p>Adult Care Customer Services/Customer Engagement (-£0.057m) – underspend on staffing budgets.</p> <p>Asset Management &amp; Non Operational Assets (-£0.088m) – underspend on staffing budgets.</p> | <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> |
| <b>Finance</b>   | <b>(1,597)</b> | <b>(198)</b>  | <b>1,399</b> | <p>ACS Senior Management (+£1.461m) – departmental service redesign pressures and costs associated with the departments bid into the transformation funding from NHS England.</p> <p>Finance Staffing (-£0.062m) – underspend on staffing budgets.</p>   | <p>One-off</p> <p>One-off</p>  |
| <b>Commissioning &amp; Procurement - Care in the Community</b> | <b>26,753</b>  | <b>27,948</b> | <b>1,195</b> | Care in the Community (+£1.195m) – structural budget deficit and demand pressures within the Care in the Community budget particularly around Domiciliary Care, Residential Care and Self Directed Support Budgets.  | Ongoing  |
| <b>Commissioning &amp; Procurement - Other</b>                 | <b>15,829</b>  | <b>15,855</b> | <b>26</b>    | Strategic Development Unit Teams (Head of Service, Commissioning, Procurement, Strategy and Performance) (-£0.291m) – underspend   | One-off  |

|                                  |               |               |              |  |         |
|----------------------------------|---------------|---------------|--------------|--|---------|
|                                  |               |               |              | on staffing budgets.   |         |
|                                  |               |               |              | Drug and Alcohol Team (+0.059m) – largely the result of expenditure relating to the previous financial year.   | One-off |
|                                  |               |               |              | Carers Services (-£0.244m) - largely due to recovery of monies regarding account closures and budget underspends.  | One-off |
|                                  |               |               |              | Tenancy Support Services (Supporting People) (-£0.175m) – underspend on contracts where actual client activity was lower than budgeted activity (Non Block Contracts).   | One-off |
|                                  |               |               |              | Persona Contract (+£0.420m) – actual activity was greater than contracted budget value. This pressure will be managed downwards during 2017/18.  | One-off |
|                                  |               |               |              | Safeguarding, Local Reform & Community Voices (+£0.258m) – Deprivation of Liberty Safeguarding (DOLS) Assessment cost pressures.   | Ongoing |
| <b>Public Health</b>             | <b>(602)</b>  | <b>(702)</b>  | <b>(100)</b> | Public Health (-£0.100m) – the underspend on Public Health is being used to support Lifestyle Services, Beats and Sport and Physical Activity Services (SAPASS).   | One-off |
| <b>Neighbourhood and Leisure</b> | <b>19,043</b> | <b>19,375</b> | <b>332</b>   | Beverage & Vending (+£0.096m) - difficulties in meeting budget target due to reduced footfall/sales. The service will be reviewed.   | Ongoing |
|                                  |               |               |              | Civic Halls (+£0.178m) - Civic Halls continue to face difficulties in achieving income targets, unforeseen/necessary repairs resulted in some overspends on expenditure budgets.   | Ongoing |
|                                  |               |               |              | Environmental Service (-£0.022m) - additional income from Pest Control, and small variances across the service.  | One-off |
|                                  |               |               |              | Grounds Maintenance / Parks & Countryside (+£0.051m) including: Grounds/Parks (+£0.041m) - less external income than anticipated, some cuts required in 16/17 were unachieved; plus Cemeteries (+£0.010m) - shortfall in income. | One-off |
|                                  |               |               |              | Highways (-£0.007m) - largely a balanced budget.   | One-off |

|                          |               |               |              |  |  |
|--------------------------|---------------|---------------|--------------|--|--|
|                          |               |               |              | <p>Sports &amp; leisure (+£0.169m) including:<br/>Leisure Services (+£0.288m) - savings from previous years not achieved due to longer term growth and investment plan. Medium term recovery plan in place; plus</p> <p>Sports Development (-£0.119m) - this includes contribution from Public Health to offset overspends within Healthy Lifestyle Services (-£0.100m) and a small under-spend on management fees (-£0.019m).</p> <p>Transport Services (-£0.331m) including:<br/>Transport (-£0.170m) - additional cost for racking for Six Town Housing vehicles has been funded via prudential borrowing, also there is additional savings from reduced leasing cost; plus</p> <p>Transport With Driver:<br/>Under-spends on vehicle hire and fuel, additional income at yearend (-£0.053m); plus</p> <p>Vehicle workshop (-£0.028mm) - underspend on staffing budget; plus</p> <p>ACS Transport - transport costs specified to Persona were less than anticipated (-£0.080m).</p> <p>Waste Services (+£0.299m) including:<br/>Savings on the publicity budget within the Education and Awareness team (- £0.041m); plus</p> <p>Trade waste (+£0.043m):<br/>The service is profitable but has a challenging income target. A deficit reduction plan is in place to try and reduce the deficit. Reduced prices for recycling is having an impact on the reduction of income; plus</p> <p>Recycling/Refuse collection (+£0.258m) - 2016/2017 savings have not been achieved due to ongoing service review; plus</p> <p>Winter maintenance (+£0.039m) - increased in gritting.</p> <p>Public Conveniences/Street Cleaning (-£0.102m) including:<br/>Street Cleaning (-£0.078m) - savings from lower fuel cost; and no recharges for vehicle damages; plus</p> <p>Public Conveniences (-£0.024m) - savings from repairs and maintenance and additional income.</p> | <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> |
| <b>TOTAL COMMUNITIES</b> | <b>70,624</b> | <b>72,374</b> | <b>1,750</b> |  |  |

| & WELLBEING                                  |       |       |       |   |         |
|--|-------|-------|-------|---|---------|
| Resources and Regulation Department          |       |       |       |   |         |
| Executive Director of Resources & Regulation |       |       |       |   |         |
| Finance & Efficiency                         | 1,165 | 1,184 | 19    | Staffing underspend due to holding of vacancies and maximising funding (-£0.223m).              | Ongoing |
|  |       |       |       | Tightening of running costs expenditure (-£0.066m).   | One-off |
|  |       |       |       | Contribution to the bad debt provision (+£0.131m).  | One-off |
|  |       |       |       | Coroners Court costs due to increased demands placed on the service (+£0.370m).                 | Ongoing |
|  |       |       |       | Contingency budget transferred from ex-DCN (-£0.202m).  | Ongoing |
|  |       |       |       | Reduced superannuation recharges from Tameside MBC (-£0.016m).                                  | One-off |
|  |       |       |       | Credit card charges and various minor overspends (+£0.025m).                                    | Ongoing |
| Human Resources                              | 291   | 163   | (128) | Reduced staffing costs due to restructure offset by severance costs (-£0.133m).                 | One-off |
|  |       |       |       | Overspends on software licences, AGMA subscription (+£0.059m).                                  | Ongoing |
|  |       |       |       | Tightening of running costs expenditure and overachieved income to offset the above (-£0.054m). | One-off |
| Legal & Democratic Services                  | 1,422 | 1,422 | 0     | Member Allowances and running costs underspends (-£0.129m).                                     | Ongoing |
|  |       |       |       | Underspends within Civic and Mayoral Expenses (-£0.018m).                                       | Ongoing |
|  |       |       |       | Democratic Services staffing underspend (-£0.028m)  | One-off |
|  |       |       |       | Municipal Elections overspend (+£0.202m); smoothed over 4 years to reflect fallow year.         | Ongoing |
|  |       |       |       | Use of locums and reduced income for Land & Development Fees within Legal services (+£0.025m).  | One-off |
|  |       |       |       | Press & Media vacancy (-£0.037m).   | One-off |
|  |       |       |       | Tightening of controllable expenditure  | One-off |



|  |              |              |            |  |         |
|--|--------------|--------------|------------|--|---------|
| Customer Support & Collections                             | 1,330        | 1,291        | (39)       | and minor variances (-£0.015m).  | Ongoing |
|  |              |              |            | Council Tax and NNDR summons costs income under-recovery (+£0.063m) offset by over-recovery of Council Tax subsidy administration grant (-£0.014m) and NNDR cost of collection (-£0.009m). | One-off |
|  |              |              |            | Net staffing/agency cover underspend (-£0.079).  | One-off |
| ICT  | (149)        | (149)        | 0          | Under-recovery of printing income (+£0.078m).  | Ongoing |
|  |              |              |            | Under-recovery of telephony income (+£0.025m).   | One-off |
|  |              |              |            | Reduced leasing costs (-£0.089m).  | One-off |
|  |              |              |            | Over-recovery of external income (-£0.014m).   | One-off |
| Property & Asset Management                                | (2,085)      | (1,503)      | 582        | Shortfall in rent income due to increased voids (+£0.402m).  | Ongoing |
|  |              |              |            | Shortfall on Millgate / Longfield income due to increased voids and permitted deductions (+£0.253m).   | Ongoing |
|  |              |              |            | Staffing underspend due to holding of vacancies and training costs freeze (-£0.082m).  | One-off |
|  |              |              |            | Other minor variances (+£0.009m).  | One-off |
| <b>Total Executive Director Resources &amp; Regulation</b> | <b>1,974</b> | <b>2,408</b> | <b>434</b> |  |         |
| <b>Localities</b>  |              |              |            |  |         |
| Engineering Services                                       | 223          | 377          | 154        | GMRAAPS - under recovered permit fee income (+£0.050m).  | Ongoing |
|  |              |              |            | Coring - under recovered due to better compliance by the utility companies (+£0.074m).   | Ongoing |
|  |              |              |            | Car parking - under recovered shortfall in Pay & Display income & contract income off set by underspends on capital expenditure, salaries and NSL contract (+£0.139m).                     | Ongoing |
|  |              |              |            | Bus Lane Enforcement reduced fines (+£0.080m).   | Ongoing |
|  |              |              |            | Underspends on Traffic management  | One-off |

|   |              |              |           |   |  |
|---|--------------|--------------|-----------|---|--|
|   |              |              |           | <p>special projects and Public Rights of Way as resources dealing with other priorities (-£0.133m).</p> <p>Net underspends on decriminalised parking fines net underspend (-£0.010m) and council parking permits (-£0.026m).</p> <p>Savings on salaries plus underspends on bridges (-£0.015m)</p> <p>Minor variations (-£0.005m).</p>  | <p>One-off</p> <p>One-off</p>                |
| Planning & Development Control                | 381          | 277          | (104)     | <p>Development Management have had minor underspends due to vacancies offset by minor overspends/reduced income (-£0.001m).</p> <p>Underspends within Building Control due to staff vacancies (-£0.076m) offset by minor variation in costs / income (+£0.011m).</p> <p>Underspends within Strategic Planning due to worklife balance initiatives and additional income (-£0.038m).</p> | <p>One-off</p> <p>One-off</p> <p>One-off</p> |
| Trading Standards & Licensing                 | 481          | 424          | (57)      | <p>Over recovery of income for Licensing, Alcohol &amp; Entertainment off set by shortfall in income for Gambling &amp; Miscellaneous licensing (-£0.047m).</p> <p>Underspend for Trading Standards due to additional income from traded work (-£0.010m).</p>   | <p>Ongoing</p> <p>One-off</p>                |
| Assistant Director of Localities              | 90           | 142          | 52        | Unachieved savings target (£+0.50m; various minor overspends (+0.002m)).  | On-going                                     |
| <b>Total Localities</b>                       | <b>1,175</b> | <b>1,220</b> | <b>45</b> |   |  |
| <b>Environment &amp; Operational Services</b> |              |              |           |   |  |
| Administrative Buildings                      | (186)        | (184)        | 2         | Minor variances.  |  |
| Architectural Services                        | (421)        | (520)        | (99)      | Increased income from STH capital programmes, offset by agency / subcontractor costs (-£0.099m).  | One-off                                      |
| Energy Conservation                           | 124          | 68           | (56)      | Reduced CRC Allowances.   | One-off                                      |
| Bradley Fold Depot                            | 43           | 28           | (15)      | Underspend on electricity and minor variances (-£0.015m).   | One-off                                      |
| Supply Chain Services                         | (51)         | (74)         | (23)      | Higher volume of trading activity and careful management of discretionary   | One-off                                      |

|   |              |                |              |  |  |
|---|--------------|----------------|--------------|--|--|
| Emergency Planning / Response                       | (390)        | (416)          | (26)         | costs (-£0.023m).  |  |
| <b>Total Environment &amp; Operational Services</b> | <b>(881)</b> | <b>(1,098)</b> | <b>(217)</b> | Additional income on Security & Alarms, vacancy management and discretionary budget.   | Ongoing                                  |
| <b>TOTAL RESOURCES &amp; REGULATION</b>             | <b>2,268</b> | <b>2,530</b>   | <b>262</b>   |  |  |
| <b>Grants to Voluntary Organisations</b>            | <b>683</b>   | <b>683</b>     | <b>0</b>     | n/a  |  |
| <b>Non Service Specific Items</b>                   |              |                |              |  |  |
| Housing   | (193)        | (181)          | 12           | Increased net Housing Benefit subsidy (-£0.11m).<br>Reduced Housing Benefit administration grant received (+£0.41m).<br>Reduced Housing Loan account income (+£0.022m).<br>Services for the Wider Community underspend (-£0.040m). | One-off<br>Ongoing<br>Ongoing<br>One-Off |
| Cost of Borrowing                                   | 5,350        | 4,748          | (602)        | Reduced return on investments (+£0.0052m) offset by reduced loan repayments (-£0.550m).  | One-off                                  |
| Passenger Transport levy                            | 13,385       | 13,385         | 0            | n/a  |  |
| Environment Agency                                  | 92           | 96             | 4            | Increased levy (+£0.0004m).  | One-off                                  |
| Investments   | (2,900)      | (4,034)        | (1,134)      | Increased dividend receipts.   | One-off                                  |
| Chief Executive                                     | 325          | 318            | (7)          | Reduced staffing costs (-£0.0007m).  | One-off                                  |
| Corporate Management                                | 696          | 1,008          | 312          | Increased subscriptions (+£0.312m).  | One-off                                  |
| Waste Disposal Levy                                 | 12,402       | 12,402         | 0            | n/a  |  |
| Provisions  | 1,860        | 660            | (1,200)      | Reduced contributions to provisions and reserves (-£1.200m).   | One-off                                  |
| Disaster Expenses                                   | 11           | 253            | 242          | Flood Expenses (+£0.242m).   | One-off                                  |
| IAS19 Retirement Benefits                           | 7,023        | 7,023          | 0            | n/a  |  |

|   |                |                |                |     |  |
|---|----------------|----------------|----------------|-----|--|
| Accumulated Absences                            | (1,614)        | (1,614)        | 0              | n/a |  |
| Capital Charges / Asset Rentals                 | (22,867)       | (22,867)       | 0              | n/a |  |
| Non Service Specific Grants                     | (4,501)        | (4,501)        | 0              | n/a |  |
| <b>TOTAL NON SERVICE SPECIFIC</b>               | <b>9,070</b>   | <b>6,697</b>   | <b>(2,373)</b> |     |  |
|   |                |                |                |     |  |
| <b>Total Revenue Expenditure (exc. Schools)</b> | <b>125,536</b> | <b>127,206</b> | <b>1,670</b>   |     |  |

**LEVEL AND MOVEMENT OF SCHOOL RESERVES****Appendix B****Number of Schools – Surpluses/Deficits in Percentage Terms**

| Table                                   | 2012/13<br>Number<br>of<br>Schools | 2013/14<br>Number<br>of<br>Schools | 2014/15<br>Number<br>of<br>Schools | 2015/16<br>Number<br>of<br>Schools | 2016/17<br>Number<br>of<br>Schools |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Nursery &amp; Primary</b>            |                                    |                                    |                                    |                                    |                                    |
| Greater than +9%                        | 4                                  | 7                                  | 9 <sup>2</sup>                     | 8                                  | 6                                  |
| +8% to 9%                               | 9                                  | 3                                  | 6                                  | 4                                  | 2                                  |
| +5% to 8%                               | 27                                 | 26                                 | 25                                 | 25                                 | 17                                 |
| 0% to 5%                                | 23                                 | 26                                 | 20                                 | 22                                 | 28                                 |
| Deficits                                | 0                                  | 1                                  | 1                                  | 1                                  | 7                                  |
| Total                                   | 63                                 | 63 <sup>1</sup>                    | 61                                 | 60                                 | 60                                 |
| <b>Secondary</b>                        |                                    |                                    |                                    |                                    |                                    |
| Greater than +6%                        | 4                                  | 4                                  | 1                                  | 2                                  | 1                                  |
| +5% to 6%                               | 2                                  | 1                                  | 2                                  | 3                                  | -                                  |
| 0% to 5%                                | 6                                  | 7                                  | 9                                  | 7                                  | 10                                 |
| Deficits                                | 2                                  | 2                                  | 2 <sup>3</sup>                     | 1                                  | 2                                  |
| Total                                   | 14                                 | 14                                 | 14                                 | 13                                 | 13                                 |
| <b>Special &amp; PRU's <sup>4</sup></b> |                                    |                                    |                                    |                                    |                                    |
| Greater than +9%                        | -                                  | -                                  | -                                  | 1                                  | -                                  |
| +8% to 9%                               | -                                  | 1                                  | -                                  | -                                  | -                                  |
| +5% to 8%                               | 2                                  | 1                                  | 2                                  | 2                                  | 1                                  |
| 0% to 5%                                | 1                                  | 1                                  | 3                                  | 2                                  | 4                                  |
| Deficits                                | -                                  | 1                                  | -                                  | -                                  | -                                  |
| Total                                   | 3                                  | 4                                  | 5                                  | 5                                  | 5                                  |
| Number above the original "Excessive    | 19                                 | 16                                 | 18                                 | 18                                 | 9                                  |

|  |   |    |    |    |   |
|--|---|----|----|----|---|
| Surplus" thresholds (Prim/Spec 8% & High 5%)                                 |   |    |    |    |   |
| Number above the new "Excessive Surplus" thresholds (Prim/Spec 9% & High 6%) | 8 | 11 | 10 | 11 | 7 |

## Notes

- 1 - Two Primary schools were converted to academies during 2013/14.
- 2 - Gorsefield Primary School was converted to an academy on 1<sup>st</sup> April 2015.
- 3 - Radcliffe Riverside High School closed at the end of the 2014/15 academic year.
- 4 - Pupil Referral Units became eligible for delegated budgets at the start of 2013/14.

**Number of Schools – Surpluses/Deficits in Monetary Terms**

| Table                                   | 2012/13<br>Number of<br>Schools | 2013/14<br>Number of<br>Schools | 2014/15<br>Number of<br>Schools | 2015/16<br>Number of<br>Schools | 2016/17<br>Number of<br>Schools |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Nursery &amp; Primary</b>            |                                 |                                 |                                 |                                 |                                 |
| <b>Deficits</b>                         |                                 |                                 |                                 |                                 |                                 |
| £0 to £10,000                           | -                               | -                               | 1                               | 1                               | 2                               |
| £10,000 to £20,000                      | -                               | 1                               | -                               | -                               | 2                               |
| £20,000 to £50,000                      | -                               | -                               | -                               | 1                               | 3                               |
| <b>Surpluses</b>                        |                                 |                                 |                                 |                                 |                                 |
| £0 to £50,000                           | 25                              | 24                              | 25                              | 19                              | 28                              |
| £50,000 to £100,000                     | 29                              | 26                              | 19                              | 27                              | 18                              |
| £100,000 to £150,000                    | 7                               | 11                              | 15                              | 10                              | 6                               |
| £150,000 to £200,000                    | 2                               | 1 <sup>2</sup>                  | 1 <sup>2</sup>                  | 3                               | 1                               |
| <b>Total</b>                            | 63                              | 63 <sup>1</sup>                 | 61                              | 60                              | 60                              |
| <b>Secondary</b>                        |                                 |                                 |                                 |                                 |                                 |
| <b>Deficits</b>                         |                                 |                                 |                                 |                                 |                                 |
| £0 to £100,000                          | 1                               | -                               | -                               | -                               | 1                               |
| £100,000 to £200,000                    | -                               | -                               | -                               | 1                               | 1                               |
| £200,000 to £300,000                    | -                               | 1 <sup>3</sup>                  | 1                               | -                               | -                               |
| Greater than £300,000                   | 1                               | 1                               | 1 <sup>3</sup>                  | -                               | -                               |
| <b>Surpluses</b>                        |                                 |                                 |                                 |                                 |                                 |
| £0 to £50,000                           | -                               | -                               | -                               | 1                               | 2                               |
| £50,000 to £100,000                     | 2                               | 2                               | 2                               | 3                               | 1                               |
| £100,000 to £150,000                    | 1                               | -                               | 3                               | -                               | 1                               |
| £150,000 to £200,000                    | 1                               | 1                               | 2                               | 3                               | 5                               |
| £200,000 to £250,000                    | 2                               | 4                               | 4                               | -                               | 1                               |
| £250,000 to £500,000                    | 6                               | 5                               | 1                               | 5                               | 1                               |
| <b>Total</b>                            | 14                              | 14                              | 14                              | 13                              | 13                              |
| <b>Special &amp; PRU's <sup>4</sup></b> |                                 |                                 |                                 |                                 |                                 |
| <b>Surpluses</b>                        |                                 |                                 |                                 |                                 |                                 |
| £0 to £50,000                           | 1                               | 2                               | 2                               | 1                               | 3                               |
| £50,000 to £100,000                     | -                               | -                               | -                               | 2                               | 1                               |
| £100,000 to £150,000                    | -                               | -                               | -                               | -                               | -                               |
| £150,000 to £200,000                    | 1                               | 1                               | 1                               | -                               | -                               |
| Greater than £200,000                   | 1                               | 1                               | 2                               | 2                               | 1                               |
| <b>Total</b>                            | 3                               | 4                               | 5                               | 5                               | 5                               |

**Notes**

- 1 - Two Primary schools were converted to academies during 2013/14.  
 2 - Gorsefield Primary School was converted to an academy on 1<sup>st</sup> April 2015.  
 3 - Radcliffe Riverside High School closed at the end of the 2014/15 academic year.  
 4 - Pupil Referral Units became eligible for delegated budgets at the start of 2013/14.

## HOUSING REVENUE ACCOUNT

## APPENDIX C

|  | 2016/17<br>REVISED<br>ESTIMATE | 2016/17<br>OUTTURN | VARIATION<br>FROM<br>BUDGET |
|--|--------------------------------|--------------------|-----------------------------|
|  | £                              | £                  | £                           |
| <b>INCOME</b>                                |                                |                    |                             |
| Dwelling rents                               | 29,625,400                     | 29,669,446         | (44,046)                    |
| Non-dwelling rents                           | 203,000                        | 187,904            | 15,096                      |
| Heating charges                              | 66,000                         | 66,382             | (382)                       |
| Other charges for services and facilities    | 897,800                        | 904,911            | (7,111)                     |
| Contributions towards expenditure            | 42,700                         | 17,550             | 25,150                      |
| <b>Total Income</b>                          | <b>30,834,900</b>              | <b>30,846,193</b>  | <b>(11,293)</b>             |
| <b>EXPENDITURE</b>                           |                                |                    |                             |
| Repairs and Maintenance                      | 6,865,100                      | 6,702,336          | (162,764)                   |
| General Management                           | 7,055,500                      | 7,017,291          | (38,209)                    |
| Special Services                             | 1,162,500                      | 1,160,301          | (2,199)                     |
| Rents, rates, taxes and other charges        | 94,400                         | 103,353            | 8,953                       |
| Increase in provision for bad debts          | 482,900                        | 205,075            | (277,825)                   |
| Cost of Capital Charge                       | 4,432,600                      | 4,463,662          | 31,062                      |
| Depreciation/Impairment of fixed assets      |                                |                    |                             |
| - council dwellings                          | 7,771,500                      | 24,061,895         | 16,290,395                  |
| Depreciation of fixed assets - other assets  | 42,400                         | 51,149             | 8,749                       |
| Debt Management Expenses                     | 40,600                         | 34,821             | (5,779)                     |
| Contrib. from Business Plan Headroom Reserve | (2,173,100)                    | (2,401,997)        | (228,897)                   |
| <b>Total Expenditure</b>                     | <b>25,774,400</b>              | <b>41,397,886</b>  | <b>15,623,486</b>           |
| <b>Net cost of services</b>                  | <b>(5,060,500)</b>             | <b>10,551,693</b>  | <b>15,612,193</b>           |
| Amortised premia / discounts                 | (13,300)                       | (13,278)           | 22                          |
| Interest receivable - on balances            | (55,800)                       | (47,099)           | 8,701                       |
| Interest receivable - on loans (mortgages)   | (500)                          | (43)               | 457                         |
| <b>Net operating expenditure</b>             | <b>(5,130,100)</b>             | <b>10,491,273</b>  | <b>15,621,373</b>           |
| <b>Appropriations</b>                        |                                |                    |                             |
| Appropriation relevant to impairment         |                                | (16,176,195)       | (16,176,195)                |
| Revenue contributions to capital             | 5,120,100                      | 5,674,922          | 554,822                     |
| <b>(Surplus) / Deficit</b>                   | <b>(10,000)</b>                | <b>(10,000)</b>    | <b>0</b>                    |
| <b>Working balance brought forward</b>       | <b>(1,000,000)</b>             | <b>(1,000,000)</b> | <b>0</b>                    |
| <b>Working balance carried forward</b>       | <b>(1,010,000)</b>             | <b>(1,010,000)</b> | <b>0</b>                    |

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## REPORT FOR DECISION



|  |   |
|--|---|
| <b>MEETING:</b>  | <b>CABINET<br/>OVERVIEW &amp; SCRUTINY COMMITTEE</b>  |
| <b>DATE:</b>   | <b>28 JUNE 2017<br/>4 JULY 2017</b>   |
| <b>SUBJECT:</b>  | <b>TREASURY MANAGEMENT ANNUAL REPORT<br/>2016/2017</b>  |
| <b>REPORT FROM:</b>                                    | <b>CABINET MEMBER FOR FINANCE AND HOUSING</b>   |
| <b>CONTACT OFFICER:</b>                                | <b>STEVE KENYON, INTERIM EXECUTIVE DIRECTOR<br/>OF RESOURCES &amp; REGULATION</b>   |
| <b>TYPE OF DECISION:</b>                               | <b>CABINET (KEY DECISION)</b>   |
| <b>FREEDOM OF<br/>INFORMATION/STATUS:</b>              | This paper is within the public domain  |
| <b>SUMMARY:</b>  | <p><b>PURPOSE/SUMMARY:</b></p> <p>The Council undertakes Treasury Management Activities in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which requires that the Council receives an annual strategy report by 31 March for the year ahead and an annual review report of the previous year by 30 September. This report is the review of Treasury Management activities during 2016/17.</p> |
| <b>OPTIONS &amp;<br/>RECOMMENDED OPTION</b>            | It is recommended that, in accordance with CIPFA's Code of Practice on Treasury Management, the report be noted.  |
| <b>IMPLICATIONS:</b>                                   |   |
| <b>Corporate Aims/Policy Framework:</b>                | Do the proposals accord with the Policy Framework? Yes  |
| <b>Financial Implications and Risk Considerations:</b> | As set out in the report and the comment of the Interim Executive Director of Resources and Regulation below.   |
| <b>Statement by Assistant Director of</b>              | This report provides information on the   |

|  |  |
|--|--|
| <b>Resources (Finance and Efficiency):</b> | <p>Council's debt, borrowing, and investment activity for the financial year ending on 31<sup>st</sup> March 2017 in conformity with the CIPFA Code of Practice for Treasury Management. The successful management of the Council's borrowing and investments is central to the Council's financial strategy, both in the short term and in ensuring a balanced debt profile over the next 25 to 60 years.</p> <p>The overall strategy for 2016/17 was to finance capital expenditure by running down cash/investment balances and using shorter term borrowing rather than more expensive long term loans. The taking out of longer term loans (1 to 10 years) to finance capital spending would only then be considered if required by the Council's underlying cash flow needs.</p> <p>Debt decreased slightly during the year, £195,682 million at 31<sup>st</sup> March 2017 compared to £196,011 million at 31<sup>st</sup> March 2016. The average borrowing rate rose slightly from 3.95% to 3.96%. Investments at 31 March 2017 stood at £18,550 million, compared to £22,600 million the previous year, the decrease being due to the use of cash/investment balances to repay maturing debt. The average rate of return on investments was 0.58% in 2016/17 compared to 0.71% in 2015/16.</p> |
| <b>Equality/Diversity implications:</b>    | No - (see paragraph 8.1, page 9)   |
| <b>Considered by Monitoring Officer:</b>   | Yes. The presentation of an annual report on Treasury Management by 30 <sup>th</sup> September of the following financial year is a requirement of the Council's Financial Regulations 5.7, as part of the Council's Financial Procedure Rules and Budget and Policy framework, relating to Risk Management and Control of Resources: Treasury Management.   |
| <b>Are there any legal implications?</b>   | No   |
| <b>Staffing/ICT/Property:</b>              | There are no direct staffing, ICT or property implications arising from this report.   |
| <b>Wards Affected:</b>                     | All  |
| <b>Scrutiny Interest:</b>                  | Overview & Scrutiny Committee  |

TRACKING/PROCESS

INTERIM EXECUTIVE DIRECTOR: STEVE KENYON

| Chief Executive/<br>Strategic Leadership<br>Team | Cabinet | Ward Members | Partners |
|--|---------|--------------|----------|
|  | 28/6/17 |              |          |
| Overview & Scrutiny<br>Committee                 |         | Committee    | Council  |
| 4/7/17   |         |              |          |

## 1.0 INTRODUCTION

- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2016/17 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24/02/2016)
- a mid-year (minimum) treasury update report (Council 01/02/2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

- 1.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

- 1.3 This Council confirms that it has complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Overview & Scrutiny Committee.

## 2.0 THE ECONOMY AND INTEREST RATES

- 2.1 The two major events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning that economic growth could fall in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate

bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

- 2.2 In the second half of 2016, after quarter 1 GDP growth of only +0.2%, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall of 1.8%. This meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen.

### 3.0 THE COUNCIL'S OVERALL TREASURY POSITION AS AT 31 MARCH 2017

- 3.1 At the beginning and the end of 2016/17 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

|                                 | Balance at 31/03/16   |              |                 | Balance at 31/03/17   |              |                 |
|---------------------------------|-----------------------|--------------|-----------------|-----------------------|--------------|-----------------|
|                                 | General Fund<br>£'000 | HRA<br>£'000 | Total<br>£'000  | General Fund<br>£'000 | HRA<br>£'000 | Total<br>£'000  |
| <b>Total Debt</b>               | 77,227                | 118,784      | 196,011         | 76,898                | 118,784      | 195,682         |
| <b>CFR</b>                      | 125,237               | 118,784      | 244,021         | 126,936               | 118,784      | 245,720         |
| <b>Over / (under) borrowing</b> | <b>(48,010)</b>       | <b>0</b>     | <b>(48,010)</b> | <b>(50,038)</b>       | <b>0</b>     | <b>(50,038)</b> |
| <b>Total Investments</b>        |                       |              | 22,600          |                       |              | 18,550          |
| <b>Net Debt</b>                 |                       |              | <b>173,411</b>  |                       |              | <b>177,132</b>  |

|                    | Balance at 31/03/16   |                              | Balance at 31/03/17   |                              |
|--------------------|-----------------------|------------------------------|-----------------------|------------------------------|
|                    | Average Rate / Return | Average Life of Debt (years) | Average Rate / Return | Average Life of Debt (years) |
| <b>Debt</b>        | 3.95%                 | 27                           | 3.96%                 | 26                           |
| <b>Investments</b> | 0.71%                 |                              | 0.58%                 |                              |

### 4.0 THE STRATEGY FOR 2016/17

- 4.1 The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, (starting in quarter 4 of 2016) and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 4.2 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 4.3 During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

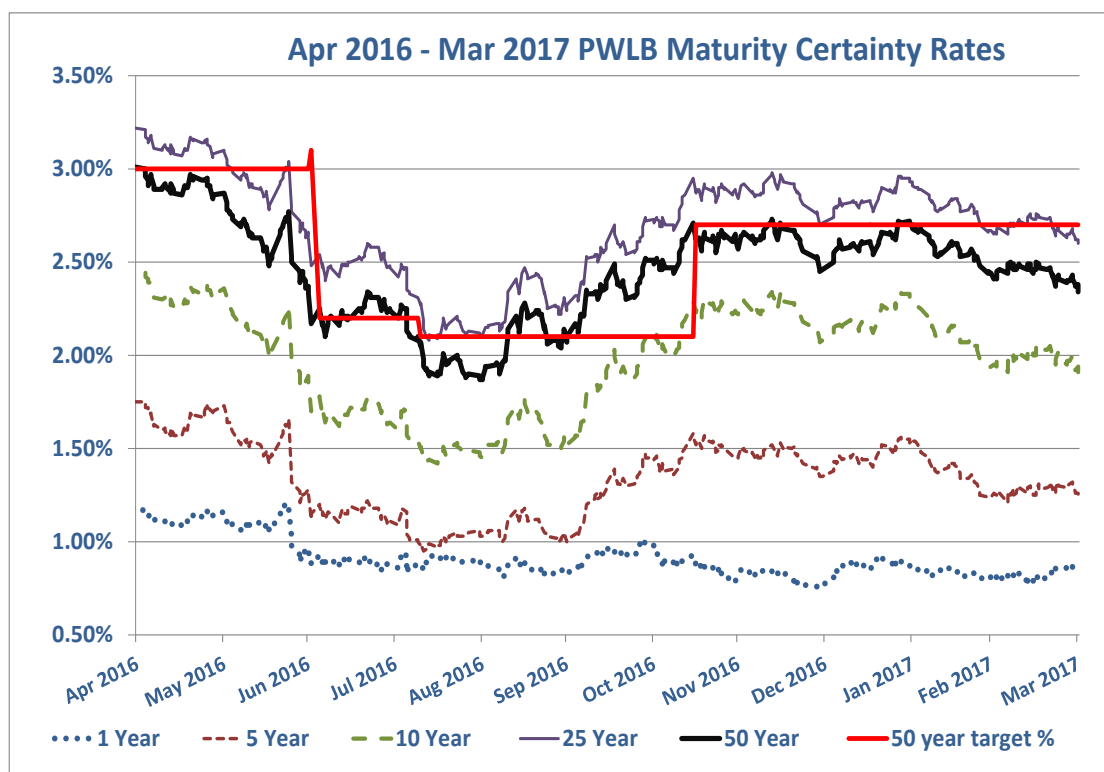
## 5.0 THE BORROWING REQUIREMENT AND DEBT

- 5.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

| Capital Financing Requirement | 2015/16 Actual £'000 | 2016/17 Estimate £'000 | 2016/17 Actual £'000 |
|-------------------------------|----------------------|------------------------|----------------------|
| CFR – non HRA                 | 125,237              | 112,009                | 126,936              |
| CFR – HRA existing            | 40,531               | 40,531                 | 40,531               |
| Housing Reform Settlement     | 78,253               | 78,253                 | 78,253               |
| <b>Total CFR</b>              | <b>244,021</b>       | <b>230,793</b>         | <b>245,720</b>       |

## 6.0 BORROWING RATES IN 2016/17

- 6.1 **PWLB certainty maturity borrowing rates** - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



## 7.0 BORROWING OUTTURN FOR 2016/17

- 7.1 An analysis of movements at nominal values on loans during the year is shown below:

|                      | Balance at<br>31/03/16<br>£000's | Loans<br>raised<br>£000's | Loans repaid<br>£000's | Balance at<br>31/03/17<br>£000's |
|----------------------|----------------------------------|---------------------------|------------------------|----------------------------------|
| PWLB                 | 131,453                          | 0                         | 0                      | 131,453                          |
| Market               | 62,000                           | 17,000                    | (16,500)               | 62,500                           |
| Temporary Loans      | 0                                | 0                         | 0                      | 0                                |
| Other loans          | 3                                | 0                         | 0                      | 3                                |
| <b>Bury MBC Debt</b> | <b>193,456</b>                   | <b>17,000</b>             | <b>(16,500)</b>        | <b>193,956</b>                   |
| Airport PWLB Debt    | 2,555                            | 0                         | (829)                  | 1,726                            |
| <b>Total Debt</b>    | <b>196,011</b>                   | <b>17,000</b>             | <b>(17,329)</b>        | <b>195,682</b>                   |

- 7.2 A number of shorter term loans were raised during the year from other UK Local Authorities, to partly replace the loans maturing.

| Lender                      | Rate  | Amount<br>£000's | Start Date | End Date   |
|-----------------------------|-------|------------------|------------|------------|
| County Council              | 1.04% | 2,000            | 21/04/2016 | 23/04/2018 |
| Police & Crime Commissioner | 1.04% | 2,000            | 21/04/2016 | 23/04/2018 |
| Borough Council             | 1.00% | 3,000            | 21/04/2016 | 23/04/2018 |
| London Borough              | 0.90% | 5,000            | 05/07/2016 | 05/07/2018 |
| District Council            | 1.50% | 5,000            | 18/07/2016 | 19/07/2021 |
| <b>Total</b>                |       | <b>17,000</b>    |            |            |

- 7.3 No debt rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 7.4 The active monitoring of the debt portfolio, the full year effect of previous rescheduling of loans, and the taking of new loans at historically low rates, have decreased the average Interest rate on the debt held over time:

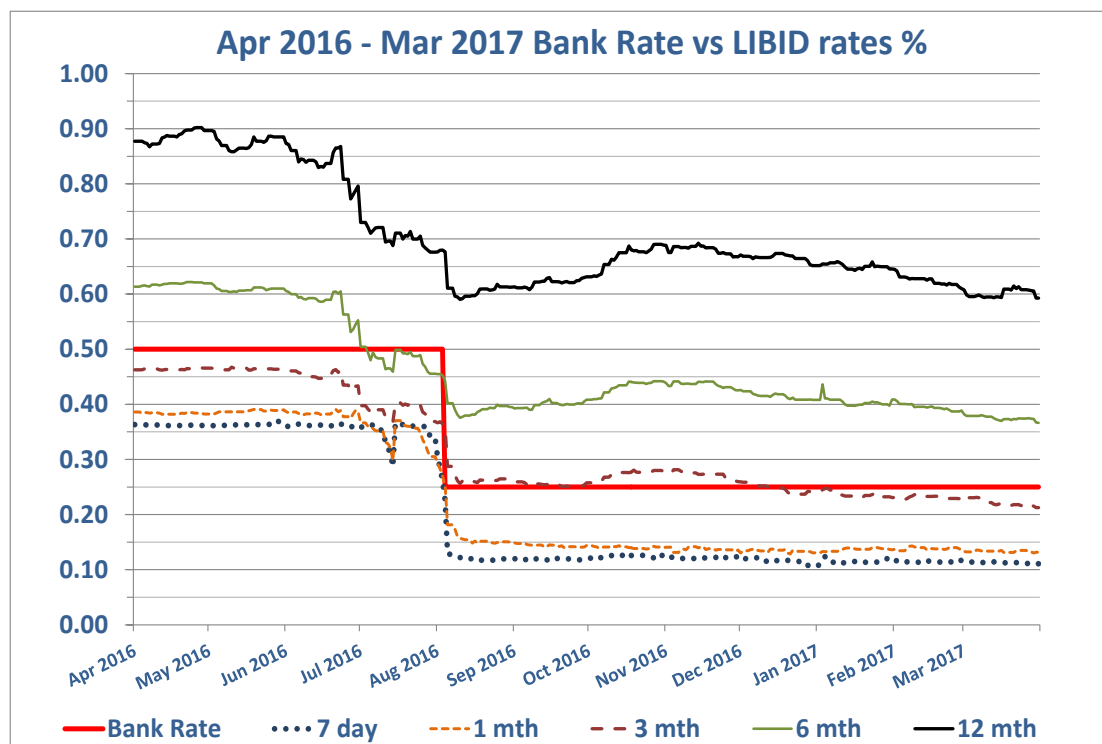
| Year                                 | 2012/13      | 2013/14      | 2014/15      | 2015/16      | 2016/17      |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Average Interest Rate on Debt</b> | <b>4.43%</b> | <b>3.96%</b> | <b>3.96%</b> | <b>3.95%</b> | <b>3.96%</b> |

- 7.5 From 2012/13 the average interest rate has fallen due to rescheduling of loans to lower interest rates and the borrowing of new loans at historically low levels.

## 8.0 INVESTMENT RATES IN 2016/17

- 8.1 After the EU referendum, the Bank Rate was cut from 0.5% to 0.25% on 4th August and remained at that level for the rest of the year. Market expectations

as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



## 9.0 INVESTMENT OUTTURN FOR 2016/17

- 9.1 The Council's investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 24 February 2017. This policy set out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 9.2 The Council manages its investments in-house (with advice from Capita Asset Services) with the overall objective to balance risk with return and the overriding consideration being given to the security of the available funds.
- 9.3 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 9.4 The strategy recognised that the Council's funds would be mainly cash-flow driven. The Council would seek to utilise business reserve accounts and short dated deposits in order to benefit from the compounding of interest.
- 9.5 Detailed below is the result of the investment strategy undertaken by the Council.

|                           | <b>Average Investment</b> | <b>Rate of Return</b> | <b>Benchmark Return *</b> |
|---------------------------|---------------------------|-----------------------|---------------------------|
| <b>Internally Managed</b> | £33,460,303               | 0.55%                 | 0.20%                     |

\* the benchmark return is the average 7-day London Interbank Bid (LIBID) uncompounded rate sourced from Capita Asset Services

- 9.6 Investments at 31 March 2017 stood at £18,550 (£22.600m at 31 March 2016).

|   | <b>Investment at 31/03/16<br/>£000's</b> | <b>Amount Invested in year<br/>£000's</b> | <b>Investments realised in year<br/>£000's</b> | <b>Balance at 31/03/17<br/>£000's</b> |
|---|--|---|--|---------------------------------------|
| <b>Fixed Rate Investments</b>                             |  |   |  |                                       |
| Nationwide Building Society                               | 3,000                                    | 0   | (3,000)  | 0                                     |
| Bank of Scotland  | 17,000                                   | 18,000                                    | (32,000)                                       | 3,000                                 |
| Coventry Building Society                                 | 0  | 0   | 0  | 0                                     |
| Barclays Bank   | 0  | 0   | 0  | 0                                     |
| <b>Total - Fixed rate</b>                                 | <b>20,000</b>                            | <b>18,000</b>                             | <b>(35,000)</b>                                | <b>3,000</b>                          |
| <b>Call Accounts</b>                                      |  |   |  |                                       |
| Barclays Bank - Flexible Interest Bearing Current Account | 2,600                                    | 126,850                                   | (114,450)                                      | 15,000                                |
| Bank of Scotland - Call Account                           | 0  | 123,700                                   | (123,150)                                      | 550                                   |
| NATWEST bank - Call Account                               | 0  | 43,550                                    | (43,550)                                       | 0                                     |
| <b>Total Investments</b>                                  | <b>22,600</b>                            | <b>312,100</b>                            | <b>(316,150)</b>                               | <b>18,550</b>                         |

- 9.7 The table below gives details of the fixed rate investments made during the year.

|                  | <b>Rate</b> | <b>Amount<br/>£000's</b> | <b>Start Date</b> | <b>End Date</b> |
|------------------|-------------|--------------------------|-------------------|-----------------|
| BANK OF SCOTLAND | 1.00%       | 5,000                    | 09/04/2015        | 08/04/2016      |
| BANK OF SCOTLAND | 1.05%       | 5,000                    | 14/09/2015        | 12/09/2016      |
| BANK OF SCOTLAND | 1.05%       | 5,000                    | 30/09/2017        | 29/09/2016      |
| BANK OF SCOTLAND | 1.05%       | 2,000                    | 17/11/2015        | 17/11/2016      |
| Nationwide       | 0.50%       | 3,000                    | 28/01/2016        | 28/04/2016      |
| BANK OF SCOTLAND | 0.65%       | 3,000                    | 15/08/2016        | 15/02/2017      |
| BANK OF SCOTLAND | 0.65%       | 5,000                    | 12/09/2016        | 13/03/2017      |
| BANK OF SCOTLAND | 0.45%       | 2,000                    | 17/11/2016        | 17/02/2017      |
| BANK OF SCOTLAND | 0.45%       | 5,000                    | 12/12/2016        | 13/03/2017      |
| BANK OF SCOTLAND | 0.60%       | 2,000                    | 17/02/2017        | 17/08/2017      |
| BANK OF SCOTLAND | 0.60%       | 1,000                    | 10/03/2017        | 11/09/2017      |
| <b>Total</b>     |             | <b>38,000</b>            |                   |                 |

## 10.0 COMPLIANCE WITH TREASURY LIMITS

- 10.1 During the financial year the Council operated within the treasury limits and Prudential Indicators set out the Council's Treasury Policy Statement and annual Treasury Management Strategy Statement.



## **11.0 EQUALITY AND DIVERSITY**

11.1 There are no specific equality and diversity implications.

## **12.0 FUTURE ACTIONS**

12.1 Treasury Management Updates and Prudential Indicators for 2017/18 will be presented on a quarterly basis to the Cabinet and the Overview & Scrutiny Committee.

## **13.0 CONCLUSION**

13.1 It is recommended that Members note the treasury management activity that has taken place during the financial year 2016/17.

**Councillor Eamon O'Brien**  
**Cabinet Member for Finance and Housing**

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### ***Background documents:***

*Unaudited Final Accounts Bury MBC 2016/17*

*CIPFA Treasury Management Code of Practice in the Public Services*

*CIPFA The Prudential Code for Capital Finance in Local Authorities*

*Treasury Management Report 2016-17*

*Financial markets and economic briefing papers*

***For further information on the details of this report and copies of the detailed variation sheets, please contact:***

Mr S. Kenyon, Interim Executive Director of Resources & Regulation,  
Tel. 0161 253 6922, E-mail: [S.kenyon@bury.gov.uk](mailto:S.kenyon@bury.gov.uk),

## Appendix 1: Prudential and Treasury Indicators

| 1. PRUDENTIAL INDICATORS                                  | 2015/16<br>Actual<br>£'000 | 2016/17<br>Estimate<br>£'000 | 2016/17<br>Actual<br>£'000 |
|---|----------------------------|------------------------------|----------------------------|
| <b>Capital Expenditure</b>                                |                            |                              |                            |
| Non - HRA   | 22,700                     | 16,359                       | 16,321                     |
| HRA   | 10,704                     | 15,610                       | 16,176                     |
| TOTAL   | 33,404                     | 31,969                       | 32,497                     |
| <b>Ratio of financing costs to net revenue stream</b>     |                            |                              |                            |
| Non - HRA   | 3.22%                      | 3.13%                        | 3.10%                      |
| HRA   | 14.14%                     | 14.14%                       | 14.47%                     |
| <b>Gross borrowing requirement</b>                        |                            |                              |                            |
| Alternative financing                                     | 0                          | 0                            | 1,699                      |
| Replacement Borrowing                                     | 5,353                      | 16,806                       | 329                        |
| in year borrowing requirement                             | 5,353                      | 16,806                       | -1,370                     |
| <b>Gross debt</b>   | 196,011                    |                              | 195,682                    |
| <b>CFR</b>  |                            |                              |                            |
| Non - HRA   | 125,237                    | 112,009                      | 126,936                    |
| HRA   | 118,784                    | 118,784                      | 118,784                    |
| TOTAL   | 244,021                    | 230,793                      | 245,720                    |
| <b>Annual change in Cap. Financing Requirement</b>        |                            |                              |                            |
| Non - HRA   | 3,208                      |                              | 1,699                      |
| HRA   | 0                          |                              | 0                          |
| TOTAL   | 3,208                      |                              | 1,699                      |
| <b>Incremental impact of capital investment decisions</b> |                            |                              |                            |
| Increase in council tax (band D) per annum                | -£4.44                     | -£0.77                       | -£5.15                     |
| Increase in average housing rent per week                 | £0                         | £0                           | £0                         |

| <b>2. TREASURY MANAGEMENT INDICATORS</b>  | <b>2015/16<br/>Actual<br/>£'000</b> | <b>2016/17<br/>Estimate<br/>£'000</b> | <b>2016/17<br/>Actual<br/>£'000</b> |
|---|-------------------------------------|---------------------------------------|-------------------------------------|
| <b>Authorised Limit for external debt -</b>   |                                     |                                       |                                     |
| borrowing   | 279,021                             | 279,021                               | 280,720                             |
| other long term liabilities   | 5,000                               | 5,000                                 | 5,000                               |
| TOTAL   | 284,021                             | 284,021                               | 285,720                             |
| <b>Operational Boundary for external debt -</b>   |                                     |                                       |                                     |
| borrowing   | 244,021                             | 244,916                               | 245,720                             |
| other long term liabilities   | 5,000                               | 5,000                                 | 5,000                               |
| TOTAL   | 249,021                             | 249,916                               | 250,720                             |
| <b>Actual external debt</b>   | 196,011                             |                                       | 195,682                             |
| <b>Upper limit for fixed interest rate exposure</b>   |                                     |                                       |                                     |
| Net principal re fixed rate borrowing / investments   | 113%                                | 116%                                  | 110%                                |
| <b>Upper limit for variable rate exposure</b>   |                                     |                                       |                                     |
| Net principal re variable rate borrowing / investments  | -13%                                | -16%                                  | -10%                                |
| <b>Upper limit for total principal sums invested for over 364 days</b><br>(per maturity date) | £10 m                               | £10 m                                 | £10 m                               |

| <b>Maturity structure of fixed rate borrowing during 2016/17</b> | <b>upper limit</b> | <b>lower limit</b> |
|--|--------------------|--------------------|
| under 12 months  | 40%                | 0%                 |
| 12 months and within 24 months                                   | 35%                | 0%                 |
| 24 months and within 5 years                                     | 40%                | 0%                 |
| 5 years and within 10 years                                      | 50%                | 0%                 |
| 10 years and within 20 years                                     | 90%                | 0%                 |
| 20 years and within 30 years                                     | 90%                | 0%                 |
| 30 years and within 40 years                                     | 90%                | 0%                 |
| 40 years and within 50 years                                     | 90%                | 0%                 |

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# REPORT FOR DECISION



|   |   |
|---|---|
| <b>MEETING:</b>                             | <b>CABINET<br/>OVERVIEW &amp; SCRUTINY COMMITTEE</b>  |
| <b>DATE:</b>                                | <b>28 June 2017<br/>4 July 2017</b>   |
| <b>SUBJECT:</b>                             | <b>CAPITAL OUTTURN 2016/2017</b>  |
| <b>REPORT FROM:</b>                         | <b>CABINET MEMBER FOR FINANCE AND HOUSING</b>   |
| <b>CONTACT OFFICER:</b>                     | <b>STEVE KENYON, INTERIM EXECUTIVE DIRECTOR<br/>OF RESOURCES AND REGULATION</b>   |
|   |   |
| <b>TYPE OF DECISION:</b>                    | <b>CABINET (KEY DECISION)</b>   |
| <b>FREEDOM OF<br/>INFORMATION/STATUS:</b>   | This paper is within the public domain  |
| <b>SUMMARY:</b>                             | <p><b>PURPOSE/SUMMARY:</b></p> <p>This report provides Members with details of:</p> <ul style="list-style-type: none"> <li>• The capital outturn figures in respect of the last financial year 2016/17;</li> <li>• Major variances between the Revised Estimate and the Outturn;</li> <li>• The financing of the Capital Programme in 2016/17;</li> <li>• Re-profile of budgets/allocations and slippage of funding into 2017/18;</li> <li>• Details of the capital receipts realised during the year.</li> </ul> |
| <b>OPTIONS &amp;<br/>RECOMMENDED OPTION</b> | <p>Members are asked to:</p> <ol style="list-style-type: none"> <li>a) Note the final capital outturn for 2016/2017, and explanations for major variances (Appendix A and report)</li> <li>b) Note the financing of the Capital Programme in 2016/17 (Paragraph 3.5)</li> <li>c) Consider and recommend for approval the re-profiled/slippage requests and associated funding into 2017/2018 (Appendix B)</li> <li>d) Note the level of Capital Receipts realised in year</li> </ol>                              |

|  |  |
|--|--|
|  | <p>and proposed use of the sites disposed of during the year (Appendix C).</p> <p><b>Recommended Option:</b></p> <p>To approve the recommendations set out above.</p>  |
|  |  |
| <b>IMPLICATIONS:</b>   |  |
| <b>Corporate Aims/Policy Framework:</b>  | The successful management of capital investment in the Borough supports the delivery of all of the Council's Aims and Objectives.  |
| <b>Financial Implications and Risk Considerations (Statement by s151 Officer):</b> | Capital expenditure has been incurred in accordance with the agreed Capital Programme. This links the expenditure with the objectives of the Council and the Capital Strategy. The Programme has been financed in a way that optimises to the maximum the resources available, including the prudent use of capital receipts.          |
| <b>Statement by Executive Director of Resources:</b>                               | See statement by s151 officer above. The capital receipts used to fund the Programme were made available through disposal of assets in accordance with the policies specified in the Asset Management Plan.  |
| <b>Equality/Diversity implications:</b>  | No (see paragraph 8.1, page 8)   |
| <b>Considered by Monitoring Officer:</b>   | Yes. The presentation of an annual report on the Capital Outturn is a requirement of the Council's Financial Regulations, as part of the Council's Financial Procedure Rules. The report accords with the Council's Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice. |
| <b>Are there any legal implications?</b>   | Yes  |
|  |  |
| <b>Wards Affected:</b>   | All  |
| <b>Scrutiny Interest:</b>  | Overview & Scrutiny Committee  |

**TRACKING/PROCESS INTERIM EXECUTIVE DIRECTOR: STEVE KENYON**

|  |                         |              |          |
|--|-------------------------|--------------|----------|
| Chief Executive/<br>Strategic Leadership<br>Team | Cabinet<br>Member/Chair | Ward Members | Partners |
|--|-------------------------|--------------|----------|

|                               |         |           |         |
|-------------------------------|---------|-----------|---------|
| Yes                           | 28/6/17 |           |         |
| Overview & Scrutiny Committee |         | Committee | Council |
| 4/7/17                        |         |           |         |

## 1.0 BACKGROUND

- 1.1 The Capital Programme is an integral part of the Council's financial planning and represents expenditure on schemes or assets where the Council or an approved third party will derive a long term benefit, over more than one year.
- 1.2 The funding for the Capital Programme comes from a variety of sources that include borrowing, capital grants, external contributions, revenue contributions, reserves and capital receipts. Capital receipts are received through the disposal of the Council's assets and are detailed later in the report. Operating within statutory rules, the financing of the Programme seeks to optimise the funding resources available.
- 1.3 Since the introduction of the Prudential Code in 2004 the Council is required to finance and account for the capital expenditure on an accruals basis. The significance of this is that all capital expenditure incurred within the financial year is financed at year end, including any outstanding capital creditors and debtors that are accounted for within final figures. These are subsequently reconciled with the actual amounts that are paid out or received in the following financial year.
- 1.4 Accruals are also shown at the end of the financial year for grant funding to be claimed that support schemes started during the year and are dependant on externally provided funds.
- 1.5 The indications for supported capital allocations from the government are now made on a two to three year basis with firm indications for amounts allocated for each Authority being supplied for the following year. This means that the certainty of finances for schemes extending over one year is now greater and managers can plan, although risk aware, for longer term schemes. There is still only a limited number of capital grants that can be carried forward to fund schemes that have slipped between financial years.
- 1.6 The report also provides details of the major variances between the revised budget estimate and the outturn and gives explanations for these variances.
- 1.7 The following three appendices are attached to the report to provide Members with additional detail and support the recommendations made:
  - **Appendix A** shows a summary of the Capital Programme expenditure realised in the year against the Revised Estimate for each Department and project.

- **Appendix B** lists capital projects that have not completed by end of the financial year and are re-profiled or slipped into 2017/18 and future years, analysed by Department and category of funding source.
- **Appendix C** shows a summary of asset disposals that occurred in the year and the realised usable part of the receipt that was either expended in the year to support the funding of the programme, set aside for future capital investment or set aside for repayment of borrowing.

## 2.0 CAPITAL OUTTURN 2016/2017

### 2.1 Approved Capital Budget and Outturn

- 2.2 The total Capital Budget approved by **Council on 24 February 2016** with subsequent movements during the financial year 2016/17 and the final expenditure at outturn are shown in the table below:

| Capital Budget 2016/17                              | £m     | £m            |
|---|--------|---------------|
| <b>Original approved budget</b>                     |        | <b>25.192</b> |
| Value of schemes re-profiled from 2015/16 programme | 17.015 |               |
| Amendments to budget in year                        | 18.539 | 35.554        |
|   |        | <b>60.746</b> |
| <b>Revised programme for 2016/17</b>                |        |               |
| Value of schemes re-profiled to 2017/18             |        | (28.252)      |
| <b>Final Capital Programme 2016/17</b>              |        | <b>32.494</b> |
| <b>Capital Outturn for 2016/17</b>                  |        | <b>32.497</b> |
| Variance  |        | (0.003)       |

- 2.3 Members are reminded, for completeness and not included in the figures above, that Voluntary Aided schools in Bury receive the Capital Grant allocations from the Department for Education. The allocations are awarded directly to the schools and the expenditure funded by these amounts was accounted for by the Voluntary Aided schools' governors and **not** by the Council. In 2016/17 this grant totalled **£1.331million**.
- 2.4 Capital expenditure that was achieved from schemes carried out during the year totalled **£32.497million** against the final approved Programme funding (excluding the amounts for the VA schools and the re-profiled amounts) of **£32.494million**. There was an overall negative variance at the end of the year of **£0.003million** mainly from costs associated to retentions and defects to completed projects.



- 2.5 These costs will be offset against capital receipts realised from the sale of identified surplus assets in the year and are monitored to ensure minimal impact on the available resources for capital schemes.

### 3.0 CAPITAL PROGRAMME FUNDING

- 3.1 The Capital Programme is funded from a variety of funding sources as specified in paragraph 1.2. The methodology used for the financing the Capital Programme is particularly important and the emphasis is placed on the optimisation of resources available.
- 3.2 The objective is to arrive at the best possible financial position for the Council at the end of the financial year and one that will have minimal effect on the Council's future financial position.
- 3.3 This is achieved through maximising the use of government funded allocations, capital grants and external contributions. The Capital Programme also relies on and uses contributions from capital receipts, reserves and the revenue budget.
- 3.4 The introduction of the Prudential regime as explained at paragraph 1.3 requires the Authority to finance its capital expenditure on an accruals basis. In 2016/17 the amount financed after accruing for all payments made or to be made for contract work, goods and services supplied by 31<sup>st</sup> March 2017 was **£32.497million**.
- 3.5 The financing of expenditure carried out during the year and reported inclusive of all accruals for the year for both expenditure and income is detailed below:

| <b>Expenditure:</b>                | <b>£m</b> | <b>£m</b>     |
|------------------------------------|-----------|---------------|
| Fixed assets                       | 32.206    |               |
| Intangible assets                  | 0.142     |               |
| Vehicle, Plant and Equipment       | 0.149     |               |
| <b>Total</b>                       |           | <b>32.497</b> |
| <b>Financed by:</b>                |           |               |
| Loan                               | 5.400     |               |
| Capital Receipts/earmarked reserve | 1.608     |               |
| External Grants and Contributions  | 7.893     |               |
| General Fund Revenue and Reserves  | 1.420     |               |
| Housing Revenue Account            | 8.290     |               |
| Major Repair Allowance             | 7.886     |               |
| <b>Total</b>                       |           | <b>32.497</b> |

- 3.6 As a result of statutory controls over council finances the Council's ability to determine the level of its Capital Programme is limited to the level of contributions it can make to the Capital Programme from revenue and reserves and the level of unsupported borrowing that it can service in financing costs.
- 3.7 The alternative way for the Council to fund new capital projects is by way of replacing older assets with new ones through disposal of the surplus properties held in within Council's asset register. The availability of proceeds from the disposal is linked to market conditions that attach an element of risk to the final level of this type of income available each year.
- 3.8 In 2016/17 the Council financed schemes to a total value of **£1.608million** from total available capital receipts including those brought forward from previous year.
- 3.9 The Council has realised capital receipts from the sale of assets in 2016/17 of **£4.052million** in total, of which **£2.809million** can be used towards future capital investment or repayment of debt. The balance represents the payment of the share from the Right to Buys sales of **£1.243million** to Government.
- 3.9 The balance of general usable capital receipts at year end will be carried forward into 2017/2018 to ensure an amount for earmarked capital receipts that have been approved and required for committed and specific projects.
- 3.10 Effective financing implies the use of cash available in the year instead of the use of unsupported borrowing that would attract higher financing costs. This was applied to some schemes that have slipped into 2016/17 that originally had approved funding from Council's resources.
- 3.11 Accordingly, the borrowing requirement is delayed until it becomes absolutely necessary. This also ensures that a sound cash flow for the Council is maintained at all times.

#### **4.0 CAPITAL PROJECTS RE-PROFILED TO FUTURE YEARS AND SLIPPAGE OF FUNDING**

- 4.1 Explanations were given earlier in the report to the specific nature of the Capital Programme that demands budget allocations in every financial year to be continuously modified as the schemes develop. This ultimately means that the capital budget changes significantly from the original approved to final figure.
- 4.2 A direct result of the continuous change to the budget through the year is the difficulty in timing the delivery of capital schemes to the funding that is used in the budgeting process. The process accepts that capital spend is not necessarily completed within the financial year in which the scheme is approved. Explanations for the reasons are given in the table shown in Appendix B.
- 4.3 The majority of re-profiled schemes are the major projects for which approvals were given towards a longer term delivery. The report seeking approval to the Council Annual Budget meeting specified that these will be delivered over several years and the detailed design, planning and cost estimates require a considerable amount of time before they are fully quantified.

- 4.4 The total amount that was re-profiled to the next and future years was **£28.252million**, as reported above in the table at paragraph 2.2 and the details of projects are shown in Appendix B.
- 4.5 The table below shows the different elements of funding approved by full Council in February 2016 for the 2016/17 financial year that was not spent in the year. These amounts were part of the three year rolling capital programme, from 2015/16 to 2017/18 compiled and presented to Council by Operational services of the Authority.

| <b>2016/17 Capital schemes re-profiled into 2017/18</b> | <b>£m</b> | <b>£m</b>     |
|---|-----------|---------------|
| <b>Total re-profiled</b>                                |           | <b>28.252</b> |
| Financed by:  |           |               |
| Capital grants and contributions held in reserves       | 14.584    |               |
| HRA Reserve   | 0         |               |
| Capital receipts / Earmarked reserves                   | 2.222     |               |
| Loan  | 8.650     |               |
| Capital grants and contributions receivable 2017/18     | 2.752     |               |
| General Fund Revenue / reserves                         | 0.044     |               |
| <b>Total</b>  |           | <b>28.252</b> |

- 4.6 The value of the schemes re-profiled into 2017/18 will be financed in the next and future years from balances carried forward as usable reserves on the Balance Sheet. As at 31<sup>st</sup> March **£2.752m** of the total shown above was still to be received from external resources due to timing differences and **£14.584m** was held in general usable reserves.
- 4.7 A small amount of the grants and contributions carried forward, of **£0.338m**, was conditionally received to schemes being completed by a certain date or scope. The Council will ensure that all conditions to finance the agreed capital projects are complied with.
- 4.8 The amount shown as loan of **£8.650m** represents previous years' together with new approvals made by the Council for Invest to Save projects and affordable housing schemes that are long term and will require several years to complete, listed as:
- Housing care schemes and empty properties
  - Street Lighting LED Invest to Save commitment
  - Prestwich Village remodelling

- 4.9 There should be no further impact on Council's own resources as a result of this and all funding has been allowed for within the existing cost of borrowing.
- 4.10 The unused allocation from the Housing Revenue Account Reserve for council house repairs is transferred at year end to a reserve account and available to finance re-profiling of schemes into the 2016/17 capital expenditure.
- 4.9 The **Cabinet Member for Finance and Housing** will be requested to note and recommend for approval the carry forward of schemes and associated funding into 2017/18.
- 4.10 The Capital Programme approved by Council in February 2016 for the 2016/17 financial year will be updated with the slippage of funding as recommended and approved by Cabinet.

## **5.0 MONITORING ARRANGEMENTS**

- 5.1 The Council's Capital Programme depends on available and acquired resources that are more than often generated from a wide variety of sources and are difficult to estimate long in advance.
- 5.2 The planning, approval, spend during the year, and outturn strongly indicate the need for regular monitoring and for flexibility during the year in order to achieve the capital investment objectives as set down in the Capital Strategy.
- 5.3 At the same time an important objective is to maximise the capital resources available to the Council that support the programme and after that to ensure that the available funds are used in the most effective way.
- 5.4 In order that issues connected to the preparation and the delivery of the programme are identified at an early stage there is a senior officer level Capital Programme Management Group that meets on a monthly basis. Monitoring reports on the Capital Programme position are also included in the quarterly corporate financial management reports considered by the Strategic Leadership Team, the Deputy Leader of the Council and Cabinet Member for Finance & Housing, Cabinet and subsequently scrutinised by the Overview and Scrutiny Committee.
- 5.5 The Capital investment requirement for the Council is considered and approved over a three year rolling programme, with a longer term view for projects that go beyond this period of time.

## **6.0 RISK MANAGEMENT**

- 6.1 The successful delivery of the capital programme and the financing or funding of expenditure realised in the year bears several risks that have been identified:
- 6.2 Projected outturns throughout the year are based on the best knowledge of the Project Managers at the end of each quarter. There is a tendency for scheme estimates to change and sometimes significantly from one report to the next, as planning and works on the projects progresses. Regular budget monitoring and reporting through the Capital Programme Management Group provide the updates for the forecast and enable analysis of these changes by the officers in charge.

- 6.3 If corrective action needs to be taken this is normally done in a timely manner to ensure the flow of the programme for the year and minimise the impact on the financial resources available.
- 6.4 The management techniques applied include the traffic light process which is used to assess budgets in terms of forecast over and under spending and secondly the identification of 'hot spots' based on risk factors that are inherent in individual budget areas. Reports containing this information have been provided on a regular basis to Strategic Leadership Team, Overview and Scrutiny Committee, Cabinet, Audit Committee and Star Chambers.
- 6.5 It is envisaged that this style of reporting will be continued into the next and future financial years.
- 6.6 The availability of funding required to support the programme is partly controlled by external providers and there is always a risk that the finances required for the year are either not realised or timing issues arise. These instances are outside Council's control and could put the completion of certain projects at risk.
- 6.7 One of the significant sources of funding for the capital programme are capital receipts realised and these have reduced in recent years in size and numbers. This has, to an extent, had a negative effect on the mix and size of the capital projects that have been approved by Council.
- 6.8 The Council has taken steps to mitigate this downside effect on the programme by streamlining the number of projects approved at the beginning of the year in favour of additional approvals being considered only as resources become available.
- 6.9 Capital expenditure reliant on capital receipts is only approved and takes place when the receipt is actually realised.

### **7.0 REVIEW OF COMPLETED SCHEMES**

- 7.1 For all schemes where Council approved funding in excess of **£0.250million** a Completion Review Form is completed by Project Managers. This ensures that the monitoring process for larger schemes can be extended to evaluate, highlight and assess outcomes directly in line with the Council's aims and objectives. Explanations for variances are also included.
- 7.2 The Summary of Accounts which is published after the statement of accounts are audited and approved will show in £'000 and percentages the contribution made by the Capital Programme in the year towards Council's priorities, aims and objectives.

### **8.0 EQUALITY AND DIVERSITY**

- 8.1 There are no specific equality and diversity implications.

### **9.0 FUTURE ACTIONS**

- 9.1 See Section 5 of this report for details of the continuation of the monitoring arrangements.

**Councillor Eamon O'Brien**  
**Cabinet Member for Finance and Housing**

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***Background documents:***

Capital Cost Tab and Financing Working Papers, 2016/2017  
Council Approved Capital Programme 2016/17, Report and Appendix1

***For further information on the details of this report, please contact:***

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| BURY COUNCIL CAPITAL PROGRAMME                          |  |        | APPENDIX A                          |                                    |  |  |  |                          |  |
|---|--|--------|-------------------------------------|------------------------------------|--|--|--|--------------------------|--|
| Document Pack Page 61                                   |  |        | formulas                            |                                    |  |  |  |                          |  |
| Corporate Monitoring Statement<br>2016-17               |  |        | (1)<br>Original<br>Budget<br>£000's | (2)<br>Revised<br>Budget<br>£000's | (3)<br>Reprofiled to<br>Future Years<br>(funding not yet<br>received or held<br>£000's | (4)<br>Slippage to<br>Future Years<br>(funding<br>received and<br>£000's | (5)<br>Revised<br>Estimate After<br>Reprofile<br>Col(2)-Col(3,4)<br>£000's | (6)<br>Outturn<br>£000's | (7)<br>Month 12<br>variance<br>(Under) or Over<br>Col(6)-(5)<br>£000's |
| Children,<br>Young People<br>& Culture                  | Support Services                                 | 0      | 57                                  | 0                                  | (51)   | 6  | 6  | 0                        |  |
|   | Devolved Formula Capital                         | 500    | 1,292                               | 0                                  | (764)  | 528  | 528  | (0)                      |  |
|   | New Deal for Schools Modernisation               | 4,887  | 11,887                              | 0                                  | (8,918)  | 2,969  | 2,968  | (1)                      |  |
|   | Access Initiative                                | 0      | 10                                  | 0                                  | (8)  | 2  | 2  | 0                        |  |
|   | Targetted Capital Funds                          | 0      | 85                                  | 0                                  | (76)   | 8  | 8  | 0                        |  |
|   | Upgrade and remodel Radcliffe Hall - Receipt     | 800    | 896                                 | 0                                  | 0  | 896  | 896  | 0                        |  |
|   | New Adolescent Support Unit                      | 500    | 508                                 | 0                                  | 0  | 508  | 508  | 0                        |  |
|   | Children Centres                                 | 0      | 18                                  | 0                                  | (7)  | 12   | 12   | 0                        |  |
|   | Free School Meal Capital Grant                   | 0      | 32                                  | 0                                  | (22)   | 10   | 10   | 0                        |  |
|   | Early Education Fund                             | -      | 324                                 | 0                                  | (215)  | 109  | 109  | 0                        |  |
| Protecting Play Fields                                  |  | -      | 30                                  | (13)                               | 0  | 17   | 17   | 0                        |  |
| Totals  |  | 6,687  | 15,140                              | (13)                               | (10,062)   | 5,065  | 5,064  | (1)                      |  |
| Communities &<br>Wellbeing                              | Contaminated Land                                | 0      | 21                                  | 0                                  | (21)   | 0  | 0  | 0                        |  |
|   | Air Quality                                      | 0      | 9                                   | 0                                  | (9)  | 0  | 0  | 0                        |  |
|   | Heat Network in Bury Town Centre                 | 0      | 72                                  | 0                                  | (54)   | 17   | 17   | 0                        |  |
|   | Leisure Services - Play Areas                    | 0      | 171                                 | 0                                  | (21)   | 150  | 150  | 0                        |  |
|   | Leisure Services - Demolition of Radcliffe Pool  | 0      | 747                                 | (44)                               | 0  | 703  | 703  | 0                        |  |
|   | Adult Care - Learning Disabilities               | 0      | 138                                 | 0                                  | (3)  | 136  | 136  | (0)                      |  |
|   | Adult Care - Improving Informantion Management   | 0      | 32                                  | 0                                  | (7)  | 25   | 25   | 0                        |  |
|   | Adult Care - Older People                        | 455    | 705                                 | 0                                  | (508)  | 197  | 197  | 0                        |  |
|   | Urban Renewal - Empty Property Strategy          | 205    | 823                                 | 0                                  | (610)  | 213  | 213  | 0                        |  |
|   | Urban Renewal - Housing development              | 0      | 9,508                               | (8,482)                            | (317)  | 708  | 708  | 0                        |  |
|   | Urban Renewal - Disabled Facilities Grant        | 781    | 1,082                               | 0                                  | (172)  | 910  | 910  | 0                        |  |
|   | Waste Management                                 | 0      | 53                                  | 0                                  | (53)   | 0  | 0  | 0                        |  |
| CWB Transport   |  | 0      | 149                                 | 0                                  | 0  | 149  | 149  | 0                        |  |
| Totals  |  | 1,441  | 13,510                              | (8,526)                            | (1,776)  | 3,208  | 3,208  | 0                        |  |
| Resources &<br>Regulation                               | Street Lighting LED Invest to Save               | 1,046  | 2,187                               | 0                                  | (1,079)  | 1,107  | 1,107  | 0                        |  |
|   | Traffic Management Schemes                       | 0      | 350                                 | 0                                  | (318)  | 32   | 32   | 0                        |  |
|   | Definitive rights of Way                         | 0      | 19                                  | 0                                  | (19)   | 0  | 0  | 0                        |  |
|   | Highways Planned Network Maintenance             | 1,233  | 4,624                               | 0                                  | (3,170)  | 1,454  | 1,454  | 0                        |  |
|   | Walking Strategy                                 | 0      | 18                                  | 0                                  | (13)   | 5  | 5  | 0                        |  |
|   | Bridges  | 475    | 529                                 | 0                                  | (320)  | 209  | 209  | 0                        |  |
|   | Prestwich Town Centre                            | 0      | 2,012                               | (450)                              | (1,311)  | 251  | 251  | 0                        |  |
|   | Traffic Calming and Improvement                  | 450    | 696                                 | (531)                              | (28)   | 138  | 138  | (0)                      |  |
|   | Planning - Development Schemes                   | 0      | 111                                 | 0                                  | (83)   | 28   | 28   | 0                        |  |
|   | Planning - Environmental Schemes                 | 214    | 721                                 | (188)                              | (223)  | 310  | 310  | (0)                      |  |
|   | Corporate ICT Projects                           | 71     | 133                                 | 0                                  | 0  | 133  | 133  | 0                        |  |
|   | Corporate Property Initiatives                   | 0      | 284                                 | (104)                              | (97)   | 83   | 83   | 0                        |  |
|   | Radcliffe Market Redevelopment                   | 0      | (100)                               | 100                                | 0  | 0  | 4  | 4                        |  |
|   | Radcliffe TC Bus Station Relocation              | 0      | 1,006                               | 0                                  | 0  | 1,006  | 1,006  | 0                        |  |
|   | 12 Tithebarn Street                              | 0      | 45                                  | 0                                  | (43)   | 2  | 2  | 0                        |  |
|   | The Met Theatre Refurbishment                    | 1,000  | 750                                 | 0                                  | 0  | 750  | 750  | 0                        |  |
|   | Concerto Asset Management Software               | 0      | 9                                   | 0                                  | 0  | 9  | 9  | 0                        |  |
| Property - Sales  | 0  | 11     | 0                                   | 0                                  | 11   | 11   | 0  |                          |  |
| Property Investment - 43 to 45 Lever street, Manchester |  | 0      | 2,515                               | 0                                  | 0  | 2,515  | 2,515  | (0)                      |  |
| Totals  |  | 4,488  | 15,920                              | (1,173)                            | (6,703)  | 8,045  | 8,049  | 4                        |  |
| Housing Public<br>Sector                                | New Energy Development Organisation (NEDO) Works | 0      | 208                                 | 0                                  | 0  | 208  | 208  | 0                        |  |
|   | Fernhill Site                                    | 0      | 16                                  | 0                                  | 0  | 16   | 16   | 0                        |  |
|   | Play Areas / Street Lighting                     | 0      | 57                                  | 0                                  | 0  | 57   | 57   | 0                        |  |
|   | Disabled Facilities Adaptations                  | 572    | 638                                 | 0                                  | 0  | 638  | 638  | 0                        |  |
|   | Major Repairs Allowance Schemes                  | 7,886  | 7,886                               | 0                                  | 0  | 7,886  | 7,886  | 0                        |  |
|   | HRA component modernisation                      | 4,119  | 7,373                               | 0                                  | 0  | 7,373  | 7,373  | 0                        |  |
| Totals  |  | 12,576 | 16,176                              | 0                                  | 0  | 16,176   | 16,176   | 0                        |  |
| Total Bury Council controlled programme                 |  | 25,192 | 60,746                              | (9,712)                            | (18,540)   | 32,494   | 32,497   | 3                        |  |

|   |        |        |         |          |        |        |
|---|--------|--------|---------|----------|--------|--------|
| Funding position:                             |        |        |         |          |        |        |
| Capital Receipts                              | 800    | 1,945  | 0       | (337)    | 1,608  | 1,608  |
| Capital Reserves / Earmarked Capital Receipts | 276    | 3,130  |         | (1,885)  | 1,245  | 1,245  |
| General Fund Revenue/Reserves                 | 137    | 219    | (45)    | 1        | 175    | 175    |
| Housing Revenue Account                       | 4,119  | 8,290  | 0       |          | 8,290  | 8,290  |
| Capital Grants/Contributions                  | 9,726  | 25,229 | (2,752) | (14,584) | 7,893  | 7,893  |
| HRA/MRA Schemes                               | 7,886  | 7,886  |         |          | 7,886  | 7,886  |
| Supported Borrowing                           | 0      | 0      |         |          | 0      | 0      |
| Unsupported Borrowing                         | 2,248  | 14,048 | (6,915) | -1,735   | 5,398  | 5,400  |
|   | 25,192 | 60,746 | (9,712) | (18,540) | 32,494 | 32,497 |

Key for budget monitoring reports

Projected Overspend (or Income Shortfall) of

a major problem with the budget

a significant problem with the budget

expenditure/income in line with budget

a significant projected underspend (or income surplus)

a major projected underspend (or income surplus)

more than 10% and above £50,000

more than 10% but less than £50,000

more than 10% but under £50,000

more than 10% and above £50,000

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PROGRAMME SLIPPAGE/RE-PROFILE REQUEST 2016/17 TO 2017/18

| SERVICE   | SCHEME                                      | £000's         | FUNDING SOURCE      | COMMENTS  |
|---|---|----------------|---------------------|---|
| Department for Children, Young People and Culture | Support Services                            | 51             | Revenue             | New Invest 2 Save Project. Majority of spend will be in 2017-18   |
|   | Devolved Formula                            | 764            | Grant               | Three year rolling programme.   |
|   | New Deal for Schools Modernisation          | 8,918          | Grant               | Required for 2017/18  |
|   | Schools Access Initiative                   | 8              | Supported Borrowing | Required for 2017/18  |
|   | Targeted Capital Funding New Millwood       | 76             | Grant               | Retentions  |
|   | Children Centre                             | 7              | Grant               | Required for 2017/18  |
|   | Free School Meal Grant                      | 22             | Grant               | Required for 2017/18  |
|   | Early Education Fund                        | 215            | Grant               | Includes new scheme / Spend to commence 2017/18   |
|   | Play Field Improvement - Lowercroft         | 13             | External Funding    | Required in 17/18 - Scheme on hold.   |
| <b>TOTAL</b>                                      | <b>Children, Young People &amp; Culture</b> | <b>10,074</b>  |                     |   |
| Department for Communities & Wellbeing            | Environmental Works                         | 85             | Grant               | 1) Contaminated land x ring fenced grant.<br>2) Heat Network in Bury Town Centre continuing into 2017-18                            |
|   | Play Areas                                  | 21             | Reserves            | Projects to complete in 2017-18   |
|   | Demolition of Radcliffe Pool                | 44             | Reserves / RCCO     | Balance of 2016/17 allocation required for continuing works.  |
|   | Learning Disabilities                       | 3              | Grant               | Required for future schemes   |
|   | Improving Information Management            | 7              | Grant               | Required for future schemes   |
|   | Older People                                | 508            | Grant               | Funding required for continuing refurbishment works at Killelea.  |
|   | Empty Homes Strategy                        | 6<br>604       | LA Funding S106     | 1) Purchase & Improvement budget to be split over two years.<br>2) Affordable housing project not due to complete until March 2018. |
|   | Urban Renewal – Housing Development         | 7,557<br>1,242 | LA Funding Grant    | Allocation for Extra Care Scheme only agreed towards end of 2016/17   |
|   | Disabled Facilities Grant                   | 168<br>4       | Grant Revenue       | Request to slip remaining budget due to commitment already in the system.   |
|   | Waste Management                            | 53             | Grant               |   |
| <b>TOTAL</b>                                      | <b>Communities &amp; Wellbeing</b>          | <b>10,302</b>  |                     |   |

| SERVICE                               | SCHEME  | £000's              | FUNDING SOURCE                      | COMMENTS  |
|---------------------------------------|---|---------------------|-------------------------------------|---|
| Department for Resources & Regulation | Street Lighting                                   | 160<br>118          | Grant<br>LA Funding                 |   |
|                                       | Highways Flood Grants                             | 801<br>2,393        | Grants                              | To Tackle flood affected areas  |
|                                       | Traffic Management Schemes                        | 318                 | Capital Receipt                     |   |
|                                       | Confirm system                                    | 22                  | Reserves                            | On going development  |
|                                       | Highways Planned Network Maintenance              | 755                 | Grant                               | Numerous schemes to complete works 2017/18  |
|                                       | Bridges   | 320                 | Grant                               | To complete works in 2017/18  |
|                                       | A56 Prestwich Village Corridor Improvements       | 1,000<br>311<br>450 | LA Funding<br>Reserves<br>Grant     | )   |
|                                       | Other Traffic Improvement Schemes                 | 562<br>28           | Grant /<br>External Fdg             |   |
|                                       | Planning / Development Group                      | 77<br>6             | LA Funding<br>External Fdg          |   |
|                                       | Planning / Environmental Projects                 | 201<br>14<br>196    | LA Funding<br>Capital Rec.<br>Grant | Required for several projects. Largest amount is required for the Woodland Grant Scheme |
|                                       | Opportunity Land Purchases                        | 87                  | LA Funding                          | Required towards purchase of new assets as opportunity arises.                          |
|                                       | Demolition of the former Police HQ, Irwell Street | 104                 | Capital Rec.                        | Work continuing into 2017/18  |
|                                       | Radcliffe Market Redevelopment                    | (100)               | LA Funding                          | Negative slippage. Budget/funding to be confirmed in 2017/18.                           |
|                                       | Tile Street Refuse Removal                        | 10                  | Reserve                             | Remaining allocation to be used towards Phase 3   |
|                                       | 12 Tithebarn Street                               | 43                  | Property Fund                       | Refurbishment specification taking longer than anticipated                              |
| <b>TOTAL</b>                          | <b>Resources &amp; Regulation</b>                 | <b>7,876</b>        |                                     |   |
|                                       |   |                     |                                     |   |
| <b>TOTAL</b>                          | <b>TOTAL SLIPPAGE / RE-PROFIED VALUE</b>          | <b>28,252</b>       |                                     |   |

**CAPITAL RECEIPTS 2016/2017**

|  | <b>GROSS RECEIPT<br/>£</b> |                  | <b>USABLE RECEIPT<br/>£</b> |                  |
|--|----------------------------|------------------|-----------------------------|------------------|
| <b><i>Housing Receipts</i></b>             |                            |                  |                             |                  |
| Balance Brought Forward from 2015/16       | 0                          |                  | 0                           |                  |
| Council House Sales (Right to Buy) 2016/17 | 2,309,052                  |                  | 1,066,341                   |                  |
| Other Housing Receipts                     | 2,992                      |                  | 2,992                       |                  |
| <b>Total Housing Receipts</b>              |                            | <b>2,312,044</b> |                             | <b>1,069,333</b> |
| <b><i>General Asset Receipts</i></b>       |                            |                  |                             |                  |
| Balance Brought Forward from 2015/16       | 3,003,627                  |                  | 3,003,627                   |                  |
| General asset sales 2016/17                | 1,740,005                  |                  | 1,740,005                   |                  |
| <b>Total General Receipts</b>              |                            | <b>4,743,632</b> |                             | <b>4,743,632</b> |
| <b>Total Capital Receipts for 2016/17</b>  |                            | <b>7,055,676</b> |                             | <b>5,812,965</b> |

| <b>General Receipts detail:</b>                | <b>Ward</b>    | <b>Area (m2)</b> | <b>Proposed Use</b> |
|--|----------------|------------------|---------------------|
| Land at Croft Lane, Bury                       | Unsworth       | 66               | Residential         |
| Greymont Road Garage Colony                    | Moorside       | 1228             | Residential         |
| Land at Melrose Close Garage Colony            | Unsworth       | 1466             | Residential         |
| Woodbury Hostel, Wesley Street, Tottington     | Tottington     | 2184             | Residential         |
| 10 Tenterden Street, Bury                      | East           | 198              | Offices             |
| Land at Peel Brow                              | Ramsbottom     | 806              | Car parking         |
| Land at Shaw Street / Gladstone Street         | East           | 327              | Residential         |
| Land adjacent to 32 Nuttall Street, Bury       | East           | 81               | Residential         |
| Land adjacent to 27 Shaw Street, Bury          | East           | 88               | Residential         |
| Land to East side of Eton Hill Road, Radcliffe | Radcliffe East | 10388            | Commercial          |
| Land at Rainsough Brow                         | St. Mary's     | 46               | Residential         |
| Land adj 3 Fir Street, Bury                    | East           | 217              | Not known           |
| Roach Bank Mill, Pimhole Road, Bury            | East           | 3493             | Commercial          |
| Part x 13/15 Parsons Lane, Bury                | East           | 149              | Offices             |
| Land at Stopes Road, Little Lever              | Radcliffe West | 391              | Commercial          |

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## Scrutiny Report

|             |  |
|-------------|--|
| Agenda Item |  |
|-------------|--|

**MEETING:** OVERVIEW AND SCRUTINY COMMITTEE

**DATE:** 6 JUNE 2017

**SUBJECT:** DEVELOPMENT OF A WORK PROGRAMME FOR 2017/2018

**REPORT FROM:** LEIGH WEBB, DEMOCRATIC SERVICES MANAGER

**CONTACT OFFICER:**

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### 1.0 SUMMARY

This report sets out details the remit of the Overview and Scrutiny Committee along with a Work Programme Prioritisation Protocol to assist in the development of a Work Programme for 2017/2018.

### 2.0 MATTERS FOR CONSIDERATION/DECISION

Members of the Overview and Scrutiny Committee are requested to:

Agree and set an Annual Work Programme for the 2017/2018 Municipal Year, in accordance with Committee's remit, previous work and the Work Programme and Prioritisation Protocol.

### 3.0 OVERVIEW AND SCRUTINY COMMITTEE

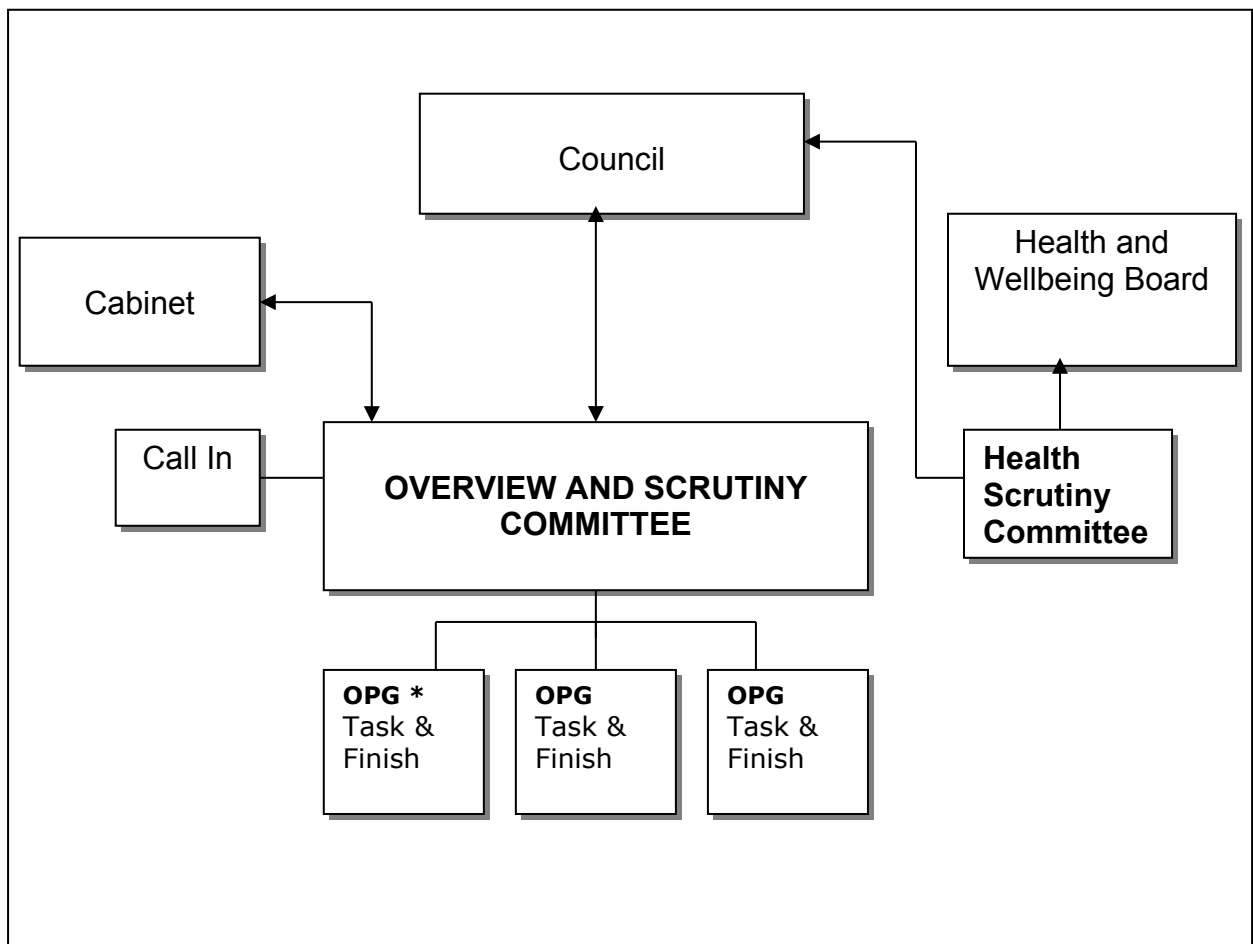
#### 3.1 Terms of reference

- To review and scrutinise the decisions made or actions taken in connection with the discharge of any of the Council's functions.
- To review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and all particular service areas.
- To set up, appoint and monitor Scrutiny Panels (set up to carry out reviews of policies, services or the impact of decisions).
- To make recommendations to the Cabinet and/or appropriate Committee and/or Council arising from the outcome of the Scrutiny process.
- To review or scrutinise decisions made or other action taken in connection with the discharge by the responsible authorities of their crime and disorder functions.

- Oversight of the provision, planning and management of the Council's resources including its budget, revenue borrowing assets and audit arrangements.
- Oversight of the Council's corporate plans and strategies and the monitoring of the corporate plan and departmental plans.
- To scrutinise outside bodies and partners relevant to the Council.
- To receive all reports from external inspectors.

### 3.2 Scrutiny Structure

The current scrutiny structure was adopted by Full Council on 28 March 2012, based on the findings of a review carried out by the Overview Management Committee. The structure makes provision for the setting up of time-limited task and finish Scrutiny Panels to carry out detailed work into specific topics. These Panels will be set up and monitored by the Overview and Scrutiny Committee, with membership drawn from all backbench Councillors. The diagram below sets out the current scrutiny structure.



\* Overview Project Group

#### **4.0 WORK PROGRAMME 2017/2018**

- 4.1 The Overview and Scrutiny Committee is required to set a work programme for 2017/2018.
- 4.2 A well thought out and effective Work Programme will allow work to be time-tabled to ensure completion and help determine when and what resources may be needed.
- 4.3 Within the Programme it is important to ensure that there is the capacity to provide an urgent response to issues that arise during the year and need to be dealt with at short notice. Scrutiny of Key Executive decisions will form a large element of the Committee's work during the year and it is important that flexibility is built into the Work Programme to allow for this to take place.
- 4.4 To assist in the development of an outcome focussed, measureable, realistic and timely Work Programme, a Prioritisation Protocol is set out below. The Protocol sets out some initial questions to be asked of proposed topics and includes further questions and filters to help achieve a prioritised and deliverable work programme.

#### **4.0 SUGGESTED ITEMS ARISING FROM LAST YEAR**

During last year's work, the Committee's work programme included the following items:

|   |
|---|
| <b>Corporate Financial Monitoring Reports</b> |
| <b>Performance Progress Reports</b>           |
| <b>Treasury Management Reports</b>            |
| <b>Highways Maintenance</b>                   |
| <b>Children's Safeguarding (OPG)*</b>         |
| <b>Library Review</b>                         |
| <b>OFSTED - Safeguarding</b>                  |
| <b>Academisation of Schools</b>               |

Some of the above, particularly the financial and performance reporting mechanisms, will form part of this coming year's programme as a matter of course. All other items listed above were looked at with the exception of Highways Maintenance. Members may wish to consider this item being including in the programme for 2017/18. The above list does not represent all the issues looked at during the year as consideration was also given to the issues of recycling, welfare reform and Children's Services complaints

#### **5.0 CONCLUSION**

The information contained in this report provides an outline of the terms of reference for the Overview and Scrutiny Committee along with a Work Programme Prioritisation Protocol to assist in setting an outcome based, focussed, balanced and deliverable work programme based on the priorities of Bury Council and its residents.

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CONTACT DETAILS:

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**Date:** 1 June 2015



### **Prioritising Topics for Scrutiny**

When deciding which items to include on the Scrutiny Work Programmes it can sometimes become confusing and difficult to identify the topics which are most important or worthy of scrutiny.

#### **Section 1 - At the outset**

When topics have been identified as possible Scrutiny Work Programme items, Members and their support Officers should ask the following of each topic identified;

- **Does the issue have a potential impact for one or more sections of the population?** Yes – Leave on Work Programme
- **Is the issue strategic and significant?** Yes – Leave on Work Programme
- **Is there a clear objective for scrutinising this topic?** Can objective be identified – Yes leave on Work Programme
- **Is there evidence to support the need for scrutiny?** Yes – Leave on Work Programme
- **What are the likely benefits to the Council and its customers? What do we hope to achieve?** If identifiable – Leave on Work Programme
- **Are you likely to achieve a desired outcome?** Can benefits to Council and customers be achieved?
- **What are the potential risks?**
- **Are there adequate resources available to do the activity well?**
- **Is the Scrutiny activity timely?** Yes – Leave on Work Programme

#### **Section 2 – Criteria to Reject**

Once the questions above have been answered and the topics are still included on the Work Programme, Members should move onto the following rejection filters:-

Reject if;

- The issue is being examined elsewhere e.g. officer group, other Councillor group.
- Issue was reviewed less than 2 years ago
- New legislation or guidance expected within the year
- No scope for scrutiny to add value/make a difference
- The objective cannot be achieved in the specified timescale
- Changes are currently being /have recently been implemented

## **Section 3 – Prioritisation of Topics**

The following questions should be asked when looking to prioritise potential work programme items.

### **Public interest**

- Has the issue been identified by Members through surgeries and other contact with constituents?(on how many occasions – more occasions warrants a higher score).
- Has a user dissatisfaction with the service been identified? (complaints).
- Topic identified through Market Surveys/Citizens Panel.
- Has the issue been covered in the local media?

### **Internal Council priority**

- Council Priority area?
- There is a high level of budgetary commitment to the service/policy area (as percentage of total expenditure)
- There has been a pattern of budgetary overspends
- The service is a poor performer (evidence from performance indicators/benchmarking).

### **External Factors**

- Central Government priority area
- Issues raised by External Audit Management Letter/External Audit Reports.
- Key reports or new evidence provided by external organisations on key issue.